

THE OFFICE OF REGULATORY STAFF
DIRECT TESTIMONY & EXHIBITS
OF
MATTHEW P. SCHELLINGER II

April 2, 2018



DOCKET NO. 2017-28-S

**Application of Synergy Utilities, L.P. for Approval of
Sewer Rates, Terms and Conditions**

DIRECT TESTIMONY AND EXHIBITS OF

MATTHEW P. SCHELLINGER II

ON BEHALF OF

THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF

DOCKET NO. 2017-28-S

**IN RE: APPLICATION OF SYNERGY UTILITIES, L.P. FOR APPROVAL
OF SEWER RATES, TERMS AND CONDITIONS**

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

A. My name is Matthew P. Schellinger II. My business address is 1401 Main Street, Suite 900, Columbia, South Carolina, 29201. I am employed by the Office of Regulatory Staff ("ORS") in the Utility Rates and Services Division as a Regulatory Analyst.

Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A. I received a Bachelor of Science Degree with a major in Accounting from the University of South Florida in 2012. I received a Master of Business Administration with a focus in Management and Strategy from Western Governors University in 2016. From 2007 to 2013, I was employed as a controller for an insurance agency. In that capacity, I performed general corporate accounting functions on a daily and monthly basis. In February 2013, I began my employment with ORS as an Auditor. In May 2016, I joined the Utility Rates and Services Division as a Regulatory Analyst. I have previously testified before the Public Service Commission of South Carolina ("Commission" or "PSC") on natural gas, water and wastewater related matters.

**THE OFFICE OF REGULATORY STAFF
1401 Main Street, Suite 900
Columbia, SC 29201**

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The purpose of my testimony is to set forth the ORS staff's findings relative to my review of the Application of Synergy Utilities, L.P. ("Synergy" or "Company") for Approval of Sewer Rates, Terms and Conditions ("Application"). Specifically, I will focus on the following areas:

- Synergy's compliance with the PSC rules and regulations;
- ORS's adjustments to the test year ending June 30, 2017 ("test year") revenues and revenues at Company's proposed rates;
- ORS's customer growth calculation;
- Synergy's request to change certain non-recurring charges and tariff language;
- Synergy's performance bond requirements;
- Synergy's compliance with the National Association of Regulatory Utility Commissioners ("NARUC") Uniform System of Accounts ("USOA");
- ORS's recommendations and adjustment to reflect the impact of the Tax Cuts and Jobs Act; and
- ORS's recommendations regarding rates and rate design.

Q. ARE THE FINDINGS OF YOUR REVIEW CONTAINED IN THIS TESTIMONY AND ACCOMPANYING EXHIBITS?

A. Yes, this testimony and the attached exhibits detail ORS's findings and recommendations.

Q. PLEASE EXPLAIN HOW YOU COMPILED INFORMATION FOR YOUR TESTIMONY AND EXHIBITS.

1 **A.** I used ORS's Business Office Compliance Review results, information provided
2 by Synergy in its Application, and additional information provided by Synergy during the
3 course of ORS's business review and facility site inspections. I also reviewed Synergy's
4 financial statements and performance bond documents submitted to the Commission.

5 **Q. PLEASE PROVIDE AN OVERVIEW OF THE LOCATIONS, SERVICE TYPES**
6 **AND CUSTOMER BASE SERVED BY SYNERGY.**

7 **A.** Synergy is a Limited Partnership consisting of Development Services, Inc. as its
8 general partner and Midlands Utility, Inc. as its limited partner. The Commission approved
9 the merger in Docket No. 2016-348-S, Order No. 2017-49 and customer rates did not
10 change. In the Application, Synergy proposes to maintain two (2) distinct service
11 territories: Service Territory 1 (formerly Development Services, Inc.) and Service Territory
12 2 (Midlands Utility, Inc.).

13 Synergy is classified by NARUC as a Class A wastewater utility according to
14 wastewater revenues reported on its Application for the Test Year. According to data
15 provided by Synergy, wastewater collection and treatment services were provided to 862
16 residential and commercial customers. The Commission-approved service area for Synergy
17 includes portions of Fairfield, Lexington, Orangeburg, and Richland counties.

18 **Q. PLEASE EXPLAIN EXHIBIT MPS-1.**

19 **A.** Exhibit MPS-1 provides a summary of the Business Office Compliance Review
20 completed by ORS and a summary of the wastewater collection/treatment systems
21 inspected by ORS on March 6, 2018. Synergy is in compliance with the Annual Report and
22 Gross Receipts requirements.

Wastewater Collection/Treatment System

Synergy operates a total of three (3) wastewater collection and treatment systems and three (3) wastewater collection-only systems for which it collects wastewater from its customers and transports the wastewater to another entity for treatment and disposal. Wastewater treatment and disposal is provided to Synergy's collection only customers by Town of Lexington, Town of Winnsboro and Orangeburg Department of Public Utilities. As required by the Commission's regulations, general housekeeping items, including system entry points, access roads and signage, observed by ORS during the inspection, were satisfactory.

The Company entered into amended Consent Order 03-043-W with the South Carolina Department of Health and Environmental Control ("DHEC") on October 30, 2013. ORS could not verify that the Company filed the amended Consent Order with the Commission in compliance with S.C. Code Ann. Regs. 103-514.C, which requires the filing of consent orders as well as notification within fourteen (14) calendar days after the violation has been corrected.

Q. HOW DOES THE CONDEMNATION OF THE CAROLINA WATER SERVICE, INC. I-20 SEWER SYSTEM IMPACT SYNERGY?

A. Wastewater treatment services previously provided by Carolina Water Service, Inc. ("CWS") to Synergy customers in the Van Arsdale subdivision are now provided to Synergy by the Town of Lexington. As a result of the change in wastewater treatment providers, ORS recommends adjustments to update revenue and expense calculations to reflect the Town of Lexington rate of \$31.10 per tap for wastewater treatment services.

Q. DOES ORS RECOMMEND ANY ADJUSTMENTS TO THE TEST YEAR REVENUES OF SYNERGY?

A. Yes. ORS completed a comprehensive review of Synergy's wastewater and miscellaneous revenue calculations for the test year. These adjustments are reflected on ORS witness Christina Seale's Audit Exhibit CLS-4. The recommended revenue adjustments annualize test year billing units. ORS adjusted test year revenue based on customer billing information provided in the original Application and supplemental customer billing data provided by Synergy.

Q. PLEASE EXPLAIN ORS EXHIBIT MPS-2.

A. Exhibit MPS-2 summarizes Synergy's service revenues for the test year. ORS used Synergy's current rates as approved by the Commission and proposed rates as reflected in the Application for each calculation. Exhibit MPS-2 provides a detail of the wastewater service revenue, as adjusted by ORS, for Service Territory 1 and 2.

In summary, ORS calculated test year operating revenues for wastewater operations, as adjusted, of \$1,328,750. For comparison purposes, ORS calculated Synergy's proposed wastewater operating revenues, as adjusted, of \$1,570,085. ORS did not factor customer growth into its revenue comparisons.

ORS calculated test year miscellaneous revenues, as adjusted, of \$53,892. For comparison purposes, ORS calculated miscellaneous revenues at the proposed rates of \$59,382 for the increase to Customer Initiation fee, Customer Notification fee, and late fees.

Q. PLEASE EXPLAIN EXHIBIT MPS-3.

1 **A.** Exhibit MPS-3 is a summary of Synergy's current PSC approved rates, proposed
2 rates, and terms and conditions of service.

3 **Q. PLEASE EXPLAIN ORS'S RECOMMENDED CHANGES TO THE COMPANY'S**
4 **PROPOSED TARIFF LANGUAGE.**

5 **A.** ORS recommends several changes to the Company's proposed tariff language to
6 better reflect the Company's practice.

7 1) Remove the language restricting the Minimum Monthly Charge to the Church
8 Commercial rate. In practice, Synergy applies a Minimum Monthly Charge to all
9 commercial customers.

10 2) Establish a rate for sludge disposal service. The Company charges third-party entities,
11 including the Town of Ridgeway and Water Systems, Inc., for sludge disposal services;
12 however, the rates charged by Synergy for this service have not been approved by the
13 Commission. During the test year, Synergy received revenues of \$9,095 for sludge
14 disposal services. The sludge is processed at the Bush River wastewater treatment
15 facility in the same manner Synergy customer's wastewater is treated. ORS
16 recommends the Company establish a specific rate and/or contract price for sludge
17 disposal service that reflects the cost to provide the service to customers. This rate
18 and/or contract should be approved by the Commission.

19 3) Establish a minimum charge for the non-recurring, non-emergency Service Fee. The
20 Company proposes to establish a non-recurring, non-emergency Service Fee to be
21 charged for work performed by the Company on the customer-side of the sewer
22 connection. During the test year, Synergy collected approximately \$4,923 in revenue

associated with performing non-emergency services for customers in Service Territory 2. Synergy's current tariff does not contain a rate for this type of non-recurring service. ORS recommends the Company's tariff language for the service fee should specify a minimum charge of \$75 during standard business hours (8:30 AM to 5:00 PM) and a minimum charge of \$150 for any work performed outside of those hours. Any work performed above the minimum will be charged to the customer at the hourly rate of \$75. This rate structure will allow the Company to recover all costs associated with the non-recurring, non-emergency work on the customer's side of the connection from the customer.

Q. PLEASE EXPLAIN ORS'S POSITION ON THE COMPANY'S PROPOSED CHANGES TO TERMS AND CONDITIONS AND NON-RECURRING CHARGES.

A. Synergy is proposing to consolidate the sewer terms and conditions and non-recurring charges to apply to both Service Territories. Specifically, the Company is requesting to:

- Establish a sewer service connection and plant capacity fee of \$500.00 per Single Family Equivalent ("SFE");
- Establish a reconnection charge in cases where service has been disconnected for any reason set forth in S.C. Code Ann. Regs. 103-532.4;
- Establish a tampering charge;
- Increase the delinquent notification fee from \$15 in Service Territory 1 and \$14 in Service Territory 2 to \$20 in both Service Territories;
- Increase the customer initiation fee from \$25 to \$30;

- 1 • Modify the return check fee to conform with the maximum permitted by S.C. Code
- 2 Ann. §34-11-70;
- 3 • Establish a service fee for non-routine, non-emergency service performed for the
- 4 customer on the customer's side of the connection; and,
- 5 • Establish a provision for control of fats, oil, and grease.

6 ORS has reviewed the Company's proposed changes as well as the calculations for
7 cost justification and, with the inclusion of the changes recommended by ORS, does not
8 object to the Company's proposed changes to sewer terms and conditions and non-
9 recurring charges.

10 **Q. PLEASE EXPLAIN THE ORS CUSTOMER GROWTH CALCULATION.**

11 **A.** As shown in Exhibit MPS-4, the customer growth for Synergy is approximately
12 2.3669% for Service Territory 1, -0.1449% for Service Territory 2, and 0.3492% for
13 Synergy as a whole.

14 **Q. IS THE COMPANY IN COMPLIANCE WITH THE NARUC UNIFORM SYSTEM**
15 **OF ACCOUNTS?**

16 **A.** No. ORS identified two (2) issues with the Company's books and records. First, the
17 Company recorded no Contributions in Aid of Construction ("CIAC") on the balance sheet
18 contained in the Application. As reflected on Exhibit MPS-9, ORS witness Sharon Scott's
19 Audit Exhibit A-2 from Development Service, Inc.'s request for a rate change in Docket
20 No. 2004-212-S, and the subsequent depreciation expense adjustment in Commission
21 Order No. 2005-42, ORS identified \$23,843 in tap fees that should have been booked to
22 the Company's CIAC account and amortized over the life of the associated plant.

1 Additionally, as reflected on Exhibit MPS-9 page 2, ORS witness Roy Barnette's Audit
2 Exhibit A-2 from Bush River Utilities, Inc.'s request for a rate change in Docket No. 2004-
3 259-S, and the subsequent depreciation expense adjustment in Commission Order No.
4 2005-83, ORS identified \$225,561 in tap fees which should have been booked to the
5 Company's CIAC account and amortized over the life of the associated plant. ORS made
6 a corresponding adjustment of \$249,404 to CIAC as reflected in ORS witness Seale's
7 Exhibit CLS-5 to properly record CIAC. Synergy has tariff provisions in effect for plant
8 modification/expansion fees to be charged to new customers, which help offset treatment
9 plant and capacity costs. The Company has not been billing new customers for the plant
10 modification/expansion fee.

11 Second, the Company has not recorded Accumulated Deferred Income Taxes
12 ("ADIT") on the balance sheet contained in the Application. 26 U.S. Code § 168
13 (i)(9)(a)(ii) requires the Company to recognize ADIT:

14 (ii) if the amount allowable as a deduction under this section with
15 respect to such property (respecting all elections made by the taxpayer
16 under this section) differs from the amount that would be allowable as
17 a deduction under section 167 using the method (including the period,
18 first and last year convention, and salvage value) used to compute
19 regulated tax expense under clause (i), the taxpayer must make
20 adjustments to a reserve to reflect the deferral of taxes resulting from
21 such difference.

22 Based on ORS's review of the Company's balance sheet and tax return filings, ORS
23 concluded the Company should have recorded a reserve to reflect the deferral of taxes. A
24 recording of ADIT is generated by the timing difference used in rate making proceedings
25 and actual taxes paid, namely accelerated depreciation, amortization, and other tax

1 deferrals. Despite the Company's establishment as a partnership, with pass through tax
2 implications, the Company should record ADIT as it is generated. By not recording ADIT,
3 the Company is not in compliance with the NARUC USOA and 26 U.S. Code § 168 (i)(9)
4 – Normalization Rules and the customers are not receiving the benefit through interest
5 synchronization.

6 **Q. PLEASE EXPLAIN THE STATUS OF THE PERFORMANCE BOND FOR**
7 **SYNERGY.**

8 **A.** Synergy has a performance bond for utility operations in the form of an Irrevocable
9 Letter of Credit from BB&T as surety in the amount of \$350,000 for wastewater operations.
10 ORS respectfully requests that the Commission require Synergy to maintain the current
11 performance bond amount for wastewater operations in the amount of \$350,000 in
12 compliance with S.C. Code Ann. § 58-5-720 (2015).

13 **Q. PLEASE EXPLAIN EXHIBIT MPS-5.**

14 **A.** Exhibit MPS-5 demonstrates the impact of the Company's proposed rate increase
15 on Synergy's ten (10) highest billed customers, five (5) from Service Territory 1 and five
16 (5) from Service Territory 2.

17 **Q. DOES ORS RECOMMEND ANY ADJUSTMENTS TO REFLECT THE IMPACTS**
18 **OF THE TAX CUTS AND JOBS ACT?**

19 **A.** Yes. ORS recommends the following adjustments to incorporate the impacts of the
20 Tax Cuts and Jobs Act:

- 21 1) Revenue Attributed to Tax Change: ORS calculated an estimate of the revenue
22 amount billed to Synergy customers which can be attributed to the change in federal

1 income tax rate from the previously approved rates to 21%. ORS's calculation
2 accumulates in a deferred account the portion of the Company's revenue
3 representing the difference between the cost of service approved by the
4 Commission in the Company's most recent rate cases (Docket Nos. 2014-406-S
5 and 2004-297-S) and the cost of service that would have resulted had the provision
6 for federal income taxes been based on 21% rather than individual rates approved
7 in those rate cases. ORS's calculation utilizes the period from January 1, 2018,
8 through the effective date of new rates based on S.C. Code Ann. Laws § 58-5-
9 240(C) which is June 1, 2018.

10 Exhibit MPS-6 demonstrates ORS's calculation of \$33,975 revenue
11 attributed to the federal income tax change generated through the expected date of
12 the Commission Order. ORS recommends this amount be placed into a regulatory
13 liability and amortized over three (3) years to coincide with the timing related to
14 the proposed amortization schedules for rate case expenses. This amortization of
15 \$11,325 is reflected as an adjustment to the Company's operating revenue and is
16 reflected on Audit Exhibit CLS-4. Due to the estimates and timing of the
17 Commission order in this Docket and Docket No. 2017-381-A, true-up adjustments
18 may be necessary in the Company's next general rate proceeding to account for
19 exact impacts.

- 20 2) CIAC Tax Multiplier: The change in tax law requires any CIAC (including tap fees
21 and plant impact fees) to be taxed at the applicable federal and state rates. The
22 addition of language to allow a tax multiplier would result in an applicable increase

on any CIAC received from new customers or developers. The tax multiplier will allow the Company to continue to book the full amount of the CIAC as allowed by its current tariff, and directly pay for any tax costs. It is ORS's position this additional tax burden should be borne by the customer responsible for those costs, not the entire customer base.

ORS recommends the Company add tariff language to allow for a tax multiplier associated with tap fees and other CIAC. The proposed modification (a) does not change a rate applicable to any current customer, and (b) would not generate operating revenue for the Company but only passes through to future customers, developers, or others increases in expenses directly attributable to the extension of service to such future customers, developers, or others.

3) ADIT: Following the establishment of the proper ADIT as discussed earlier in my testimony, ORS recommends the Company revalue the ADIT to account for the new 21% federal income tax rate. This may necessitate an excess deferred income tax regulatory liability to be returned to customers at a later period.

Q. DESCRIBE SYNERGY'S CURRENT OPERATING EXPERIENCE WITH ADJUSTMENTS AS PROPOSED BY ORS.

A. As reflected on Audit Exhibit CLS-2, with ORS's adjustments, Synergy Service Territory 1 is earning an operating margin of 20.79%. If the Company's proposed rates were implemented, with ORS's recommended adjustments to revenue and expenses, the operating margin would be 30.11%.

As reflected on Audit Exhibit CLS-3, with ORS's adjustments, Synergy Service Territory 2 is currently earning an operating margin of -17.77%. If the Company's proposed rates were implemented with ORS's adjustments to revenue and expenses, the operating margin would be -5.53%.

As reflected on Audit Exhibit CLS-1, with ORS's adjustments, Synergy as a consolidated company (Service Territory 1 and Service Territory 2) is currently earning an operating margin of 3.42%. If the Company's proposed rates were implemented with ORS's adjustments to revenue and expenses, the operating margin would be 14.42%.

Q. PLEASE EXPLAIN ORS'S RECOMMENDATIONS RELATED TO RATES AND RATE DESIGN.

A. ORS recommends a consolidation of rates and charges for Service Territory 1 and Service Territory 2. While the Company proposed two (2) distinct rate schedules, the Company indicated to ORS its future plans include a consolidation of its Service Territories into a single-tariff rate structure. It is ORS's position that consolidation of two (2) distinct rate structures in this instant docket would be in the public interest as a single-tariff rate structure lowers administrative costs, improves service affordability for customers and promotes ratepayer equity.

ORS proposes a single-tariff rate design for Synergy. This proposal is reflected on Exhibit MPS-7 and Exhibit MPS-8. ORS's recommended rate design has been carefully designed such that the rates recommended do not exceed the rates noticed to customers in this Application. The rates, as proposed by ORS, will generate increased revenues of \$201,316 as reflected on Exhibit MPS-7 and total revenues of \$1,541,391 as reflected on

1 Audit Exhibit CLS-9. As reflected in Audit Exhibit CLS-9, the consolidation of the rate
2 structure, with rates as proposed by ORS, will produce an operating margin of 12.49% for
3 Synergy.

4 The ORS recommendation to merge the Company's rate schedules into a single-
5 tariff rate structure will result in just, reasonable, sufficient, and nondiscriminatory rates
6 for all of the customers of Synergy.

7 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

8 **A.**Yes it does.

Exhibit MPS-1**ORS BUSINESS OFFICE COMPLIANCE REVIEW**

Utility: Synergy Utilities, LP
 Inspector: Matthew Schellinger, Willie Morgan
 Office: 816 Main St., Lexington SC
 Utility Type: Wastewater
 Date: December 2017 – March 2018
 Company Representative: Keith Parnell, Blythe Larned

#	Compliance Regulation	In Compliance	Out of Compliance	Comments
1	All records and reports available for examination in accordance with Regulation 103-510.	X		
2	Complaint records maintained in accordance with R.103-516	X		
3	Utility's rates, rules and regulations, and its up-to-date maps and plans available for public inspection in accordance with R.103-530.	X		
4	Established procedures to assure that every customer making a complaint is made aware that the utility is under the jurisdiction of the South Carolina Public Service Commission and that the customer has the right to register the complaint in accordance with R.103-530.	X		
5	Deposits charged within the limits established by R.103-531.	X		Deposits charged on Service Territory 2.
6	Timely and accurate bills being rendered to customers in accordance with R.103-532.	X		Bills rendered the 25 th of each month
7	Bill forms in accordance with R.103-532.	X		
8	Adjustments of bills handled in accordance with R.103-533.	X		
9	Policy for customer denial or discontinuance of service in accordance with R.103-535.	X		
10	Notices sent to customers prior to termination in accordance with Rule R.103-535.	X		
11	Notices filed with the Commission of any violation of PSC or DHEC rules which affect service provided to its customers in accordance with rule R.103-514-C.	X		

#	Compliance Regulation	In Compliance	Out of Compliance	Comments
12	Utility has adequate means (telephone, etc.) whereby each customer can contact the water and/or wastewater utility at all hours in case of emergency or unscheduled interruptions or service in accordance with R.103-530.	X		
13	Records maintained of any condition resulting in any interruption of service affecting its entire system or major division, including a statement of time, duration, and cause of such an interruption in accordance with R.103-514.	X		
14	Utility advised the Commission, in accordance with Rule 103-512 of the name, title, address and telephone number of the person who should be contacted in connection with general management duties, customer relations, engineering operations, and emergencies during non-office hours.	X		
15	Company verified the maps on file with the Commission include all the service area of the company.	X		
16	Number of customers the company has at present time.			Service Territory 1 – 173 Service Territory 2 – 689
17	Company has a current performance bond on file with the Commission.	X		Amount of bond: \$350,000
18	Utility maintains a documented Safety Program.	X		
19	Utility maintains a documented Emergency Response plan.	X		
20	Utility maintains a documented Preventative Maintenance plan.	X		
21	Utility submitted a current Annual Report.	X		
22	Utility is in compliance with Gross Receipts reporting and payment regulations.	X		



ORS WASTEWATER SYSTEM INSPECTION REPORT

Inspection Overview

Date Inspected:	03-06-2018
Inspector Name:	Matthew Schellinger, Willie Morgan
Docket Number:	2017-28-S
Utility Name:	Synergy Utilities, LP – Bush River Plant
Utility Representative:	Keith Parnell, Blythe Larned
Number of Customers:	176
System Type (collection, force main, lagoon, etc):	Collection, Treatment Plant
Location of System:	Bush River Plant, Lexington, SC
Location of Utility Office:	816 Main St., Lexington, SC
Treatment Type:	Sequential Batch Reactor and Belt Press for Sludge Management
Permit #:	SC0032743
Last SC DHEC Compliance Rating:	Unsatisfactory – March 14, 2017
Frequency checked by WWTF Operator:	Daily
Drinking Water Provider:	City of Columbia

	System Components Inspected	Compliance		Comments
		Yes	No	
1	Chlorinator			N/A – utility uses UV to disinfect
2	Other chemicals in use			N/A
3	Aerators present			N/A – Diffusers in plant.
4	Plant fenced and locked	X		
5	Warning Signs Visible	X		
6	Fence in good condition	X		
7	Dikes in good condition			N/A – treatment and storage in tanks
8	Odor non-existent or limited	X		
9	Grass mowed	X		
10	Duckweed/Algae acceptable	X		
11	Grease build-up acceptable	X		
12	Plant free of debris	X		
13	Effluent Color acceptable	X		
14	Lift Stations present	X		1 at WWTP
15	Failure Warning System adequate	X		
16	Electric Wiring adequate	X		
17	System free of leaks	X		
18	System free of overflows	X		
19	Access road adequate	X		
20	Ability for service area to expand			None

Additional Comments: Wastewater from commercial and other sources received at WWTP via tankers



ORS WASTEWATER SYSTEM INSPECTION REPORT

Inspection Overview

Date Inspected:	03-06-2018
Inspector Name:	Matthew Schellinger, Willie Morgan
Docket Number:	2017-28-S
Utility Name:	Synergy Utilities, LP – Raintree Acres/ Dutch Creek
Utility Representative:	Keith Parnell, Blythe Larned
Number of Customers:	315
System Type (collection, force main, lagoon, etc):	Collection, Treatment Plant
Location of System:	Lexington, SC – Raintree Acres
Location of Utility Office:	816 Main St., Lexington, SC
Treatment Type:	Collection and Biological Treatment System
Permit #:	SC0039055
Last SC DHEC Compliance Rating:	Non-compliance – December 29, 2015
Frequency checked by WWTF Operator:	Daily
Drinking Water Provider:	Carolina Water Service Inc.

	System Components Inspected	Compliance		Comments
		Yes	No	
1	Chlorinator			N/A – utility uses UV to disinfect
2	Other chemicals in use			N/A
3	Aerators present	X		
4	Plant fenced and locked	X		
5	Warning Signs Visible	X		
6	Fence in good condition	X		
7	Dikes in good condition			N/A – treatment and storage in tanks
8	Odor non-existent or limited	X		
9	Grass mowed	X		
10	Duckweed/Algae acceptable	X		
11	Grease build-up acceptable	X		
12	Plant free of debris	X		
13	Effluent Color acceptable	X		
14	Lift Stations present	X		2
15	Failure Warning System adequate	X		
16	Electric Wiring adequate	X		
17	System free of leaks	X		
18	System free of overflows	X		
19	Access road adequate	X		
20	Ability for service area to expand			None

Additional Comments: None.



ORS WASTEWATER SYSTEM INSPECTION REPORT

Inspection Overview

Date Inspected:	03-06-2018
Inspector Name:	Matthew Schellinger, Willie Morgan
Docket Number:	2017-28-S
Utility Name:	Synergy Utilities, LP – Windy Hill SD
Utility Representative:	Keith Parnell, Blythe Larned
Number of Customers:	144
System Type (collection, force main, lagoon, etc):	Collection, Treatment Plant
Location of System:	Lexington, SC – Windy Hill Subdivision
Location of Utility Office:	816 Main St., Lexington, SC
Treatment Type:	Collection and Biological Treatment System with Sprayfield
Permit #:	ND0067075
Last SC DHEC Compliance Rating:	Satisfactory – February 1, 2017
Frequency checked by WWTF Operator:	Daily
Drinking Water Provider:	Carolina Water Service Inc.

	System Components Inspected	Compliance		Comments
		Yes	No	
1	Chlorinator	X		
2	Other chemicals in use			N/A
3	Aerators present	X		
4	Plant fenced and locked	X		
5	Warning Signs Visible	X		
6	Fence in good condition	X		
7	Dikes in good condition			N/A
8	Odor non-existent or limited	X		
9	Grass mowed	X		
10	Duckweed/Algae acceptable	X		
11	Grease build-up acceptable	X		
12	Plant free of debris	X		
13	Effluent Color acceptable	X		
14	Lift Stations present			N/A
15	Failure Warning System adequate	X		
16	Electric Wiring adequate	X		
17	System free of leaks	X		
18	System free of overflows	X		
19	Access road adequate	X		
20	Ability for service area to expand			None

Additional Comments: None.



ORS WASTEWATER SYSTEM INSPECTION REPORT

Inspection Overview

Date Inspected:	03-06-2018
Inspector Name:	Matthew Schellinger, Willie Morgan
Docket Number:	2017-28-S
Utility Name:	Synergy Utilities, LP – Northwood Estates
Utility Representative:	Keith Parnell, Blythe Larned
Number of Customers:	96
System Type (collection, force main, lagoon, etc):	Collection w/ Pump Station
Location of System:	Orangeburg, SC
Location of Utility Office:	816 Main St., Lexington, SC
Treatment Type:	Collection Only – Discharge to Orangeburg Dept. of Public Works
Permit #:	SSS000787
Last SC DHEC Compliance Rating:	N/A
Frequency checked by WWTF Operator:	Daily
Drinking Water Provider:	Orangeburg Department of Public Utilities

	System Components Inspected	Compliance		Comments
		Yes	No	
1	Chlorinator			N/A
2	Other chemicals in use			N/A
3	Aerators present			N/A
4	Plant fenced and locked	X		
5	Warning Signs Visible	X		
6	Fence in good condition	X		
7	Dikes in good condition			N/A
8	Odor non-existent or limited	X		
9	Grass mowed	X		
10	Duckweed/Algae acceptable	X		
11	Grease build-up acceptable	X		
12	Plant free of debris	X		
13	Effluent Color acceptable	X		
14	Lift Stations present	X		2
15	Failure Warning System adequate	X		
16	Electric Wiring adequate	X		
17	System free of leaks	X		
18	System free of overflows	X		
19	Access road adequate	X		
20	Ability for service area to expand			None

Additional Comments: None.

Office of Regulatory Staff
Revenue Impact Analysis
Synergy Utilities, LP
Docket No. 2017-28-S

Exhibit MPS-2
Consolidated
Page 1 of 5

ORS Calculated Revenue Summary - Synergy (Service Territory #1 and Service Territory #2)						
A	B	C	D	E	F	G
Operating Revenue	Company Per Books	ORS Adjustment at Current Rates	ORS Calculated Test Year Revenue	Additional Revenue at Proposed Rates	ORS Calculated Revenue at Proposed Rates	% Increase
Service Territory 1 - Residential	\$55,184	\$210,487	\$265,671	\$55,911	\$321,582	21.05%
Service Territory 1 - Commercial	\$627,405	(\$188,258)	\$439,147	\$92,501	\$531,648	21.06%
Service Territory 1 - Misc. Revenue	\$27,518	\$4	\$27,522	\$472	\$27,994	1.71%
Total Service Territory 1	\$710,107	\$22,233	\$732,340	\$148,884	\$881,224	20.33%
Service Territory 2 - Residential	\$255,943	\$16,794	\$272,737	\$68,218	\$340,955	25.01%
Service Territory 2 - Commercial	\$76,248	\$580	\$76,828	\$19,215	\$96,043	25.01%
Service Territory 2 - Pass Through	\$198,769	\$21,706	\$220,475	\$0	\$220,475	0.00%
Service Territory 2 - Misc. Revenue	\$21,552	\$4,818	\$26,370	\$5,018	\$31,388	19.03%
Total Service Territory 2	\$552,512	\$43,898	\$596,410	\$92,451	\$688,861	15.50%
Total Sewer Revenues	\$1,262,619	\$66,131	\$1,328,750	\$241,335	\$1,570,085	18.16%

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ORS Pro-Forma Test Year Revenue at Current Rates - Service Territory 1

	Customer Classification	Annualized Billing Units	Monthly Rate	Test Year Calculated Revenues
Sewer	Residential	1,548	\$35.87	\$55,527
	Apartments	6,168	\$34.07	\$210,144
	Total Residential			\$265,671
	Commercial			
	Service Station			
	1st bay, per bay	96	\$55.76	\$5,353
	additional bay	324	\$27.88	\$9,033
	Without bay	0	\$39.18	\$0
	Food Service Operations			
	Ordinary/Seat (not 24 hrs)	22,608	\$5.58	\$126,153
	24 hour restaurant/seat	516	\$8.34	\$4,303
	Vending Machine	1,824	\$3.33	\$6,074
	Churches			
	Less Than 132 Seats	0	\$35.87	\$0
	132 Seats or Greater	55,548	\$0.27	\$14,998
	Minimum monthly charge	720	\$35.87	\$25,826
	Car Washes			
	Per Average # of Cars per Day	2,400	\$5.67	\$13,608
	Offices			
	Per person (no restaurant)	25,596	\$1.39	\$35,578
	Schools			
	Per student, no showers or gym or cafeteria	10,152	\$1.11	\$11,269
	Shopping Centers			
	Per 1,000 sq. ft. space	11,436	\$11.17	\$127,740
	Swimming Pools			
	Per person	4,476	\$1.11	\$4,968
	Theaters			
	Indoor per seat	34,560	\$0.60	\$20,736
	Motels			
	Per unit	6,240	\$4.75	\$29,640
	Laundries			
	Self Serve (per machine)	204	\$18.96	\$3,868
	Total Commercial			\$439,147
	Sewer Service Total			\$704,818
	Miscellaneous Revenues - Late Charges			\$1,032
	Miscellaneous Revenues - Set Up Fee	11	\$25.00	\$275
	Miscellaneous Revenues - Notification Fee	40	\$15.00	\$600
	Miscellaneous Revenues - Other			\$16,520
	Miscellaneous Revenues - Pub. Auth. Sludge			\$9,095
	Total Miscellaneous Revenue			\$27,522
	Total Operating Revenues			\$732,340

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ORS Calculated Proposed Revenue at Company Proposed Rates - Service Territory 1

	Customer Classification	Annualized Billing Units	Monthly Rate	Revenue at Proposed Rates	Increase Amount	% Increase
Sewer	Residential	1,548	\$43.42	\$67,214	\$11,687	21%
	Apartments	6,168	\$41.24	\$254,368	\$44,224	21%
	Total Residential			\$321,582	\$55,911	21%
	Commercial					
	Service Station					
	1st bay, per bay	96	\$67.50	\$6,480	\$1,127	21%
	additional bay	324	\$33.75	\$10,935	\$1,902	21%
	Without bay	0	\$47.43	\$0		
	Food Service Operations					
	Ordinary/Seat (not 24 hrs)	22,608	\$6.75	\$152,604	\$26,451	21%
	24 hour restaurant/seat	516	\$10.10	\$5,212	\$909	21%
	Vending Machine	1,824	\$4.03	\$7,351	\$1,277	21%
	Churches					
	Less Than 132 Seats	0	\$43.42	\$0		
	132 Seats or Greater	55,548	\$0.33	\$18,331	\$3,333	22%
	Minimum monthly charge	720	\$43.42	\$31,262	\$5,436	21%
	Car Washes					
	Per Average # of Cars per Day	2,400	\$6.86	\$16,464	\$2,856	21%
	Offices					
	Per person (no restaurant)	25,596	\$1.68	\$43,001	\$7,423	21%
	Schools					
	Per student, no showers or gym or cafeteria	10,152	\$1.34	\$13,604	\$2,335	21%
	Shopping Centers					
	Per 1,000 sq. ft. space	11,436	\$13.52	\$154,615	\$26,875	21%
	Swimming Pools					
	Per person	4,476	\$1.34	\$5,998	\$1,030	21%
	Theaters					
	Indoor per seat	34,560	\$0.73	\$25,229	\$4,493	22%
	Motels					
	Per unit	6,240	\$5.75	\$35,880	\$6,240	21%
	Laundries					
	Self Serve (per machine)	204	\$22.95	\$4,682	\$814	21%
	Total Commercial			\$531,648	\$92,501	21%
	Sewer Service Total			\$853,230	\$148,412	21%
	Miscellaneous Revenues - Late Charges			\$1,249	\$217	21.03%
	Miscellaneous Revenues - Set Up Fee	11	\$30.00	\$330	\$55	20.00%
	Miscellaneous Revenues - Notification Fee	40	\$20.00	\$800	\$200	33.33%
	Miscellaneous Revenues - Other			\$16,520	\$0	0.00%
	Miscellaneous Revenues - Pub. Auth. Sludge			\$9,095	\$0	0.00%
	Total Miscellaneous Revenue			\$27,994	\$472	1.71%
	Total Operating Revenues			\$881,224	\$148,884	20.33%

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ORS Pro-Forma Test Year Revenue at Current Rates - Service Territory 2

	Customer Classification	Annualized Billing Units	Base Facility Charge	Test Year Revenue
Sewer				
	Residential Collections Only			
	Residential Collection Only, Northwoods	1,128	\$23.03	\$25,978
	Residential Collection Only, Royal Hills	300	\$23.03	\$6,909
	Mobile Homes, Royal Hills	72	\$17.27	\$1,243
	Residential Collection Only, Van Arsdale	1,632	\$23.03	\$37,585
	Residential Collection and Treatment			
	Collection and Treatment	5,304	\$37.90	\$201,022
	Commercial Collection			
	Collection Only, Van Arsdale	3,336	\$23.03	\$76,828
	Pass-through Treatment Only			
	Service Charge, Northwoods	1,128	\$21.66	\$24,432
	Outside Treatment, Northwoods	1,128	\$28.30	\$31,922
	Outside Treatment, Royal Hills	372	\$25.85	\$9,616
	Outside Treatment, Van Arsdale	4,968	\$31.10	\$154,505
	Residential			\$272,737
	Commercial			\$76,828
	Pass-Through			\$220,475
	Sewer Service Total			\$570,040
	Miscellaneous Revenues - Late Charges			\$4,370
	Miscellaneous Revenues - Set Up Fee	20	\$25.00	\$500
	Miscellaneous Revenues - Notification Fee	708	\$14.00	\$9,912
	Miscellaneous Revenues - Cutoff Charges			\$6,665
	Miscellaneous Revenues - Service Calls			\$4,923
	Total Miscellaneous Revenue			\$26,370
	Total Operating Revenues			\$596,410

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ORS Calculated Proposed Revenue at Company Proposed Rates - Service Territory 2

	Customer Classification	Annualized Billing Units	Monthly Rate	Revenue at Proposed Rates	Increase Amount	% Increase
Sewer	Residential Collections Only					
	Residential Collection Only, Northwoods	1,128	\$28.79	\$32,475	\$6,497	25.01%
	Residential Collection Only, Royal Hills	300	\$28.79	\$8,637	\$1,728	25.01%
	Mobile Homes, Royal Hills	72	\$21.59	\$1,554	\$311	25.02%
	Residential Collection Only, Van Arsdale	1,632	\$28.79	\$46,985	\$9,400	25.01%
	Residential Collection and Treatment					
	Collection and Treatment	5,304	\$47.38	\$251,304	\$50,282	25.01%
	Commercial Collection					
	Collection Only, Van Arsdale	3,336	\$28.79	\$96,043	\$19,215	25.01%
	Pass-through Treatment Only					
	Service Charge, Northwoods	1,128	\$21.66	\$24,432	\$0	0.00%
	Outside Treatment, Northwoods	1,128	\$28.30	\$31,922	\$0	0.00%
	Outside Treatment, Royal Hills	372	\$25.85	\$9,616	\$0	0.00%
	Outside Treatment, Van Arsdale	4,968	\$31.10	\$154,505	\$0	0.00%
	Residential			\$340,955	\$68,218	25.01%
	Commercial			\$96,043	\$19,215	25.01%
	Pass-Through			\$220,475	\$0	0.00%
	Sewer Service Total			\$657,473	\$87,433	15.34%
	Miscellaneous Revenues - Late Charges			\$5,040	\$670	15.34%
	Miscellaneous Revenues - Set Up Fee	20	\$30.00	\$600	\$100	20.00%
	Miscellaneous Revenues - Notification Fee	708	\$20.00	\$14,160	\$4,248	42.86%
	Miscellaneous Revenues - Cutoff Charges			\$6,665	\$0	0.00%
	Miscellaneous Revenues - Service Calls			\$4,923	\$0	0.00%
	Total Miscellaneous Revenue			\$31,388	\$5,018	19.03%
	Total Operating Revenues			\$688,861	\$92,451	15.50%

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Service Territory 1
(formerly Development Services, Inc.)
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<u>Schedule of Residential Rates</u>	<u>Current</u>	<u>Proposed</u>
Type of Residence		
Single Family	\$35.87	\$43.42
Apartments	\$34.07	\$41.24
<u>Schedule of Commercial Rates</u>		
Service Stations		
1 st Bay	\$55.76	\$67.50
Additional bay	\$27.88	\$33.75
Without bay	\$39.18	\$47.43
Food Service Operations		
Ordinary/seat (not 24 hrs.)	\$ 5.58	\$ 6.75
24 Hour Restaurant/seat	\$ 8.34	\$10.10
Vending Machine	\$3.33	\$ 4.03
Churches		
Church per seat, <132 seats	\$35.87	\$43.42
Church/seat, >132 seats	\$ 0.27	\$ 0.33
Minimum Monthly Charge	\$35.87	\$43.42
Car Washes		
Car Wash(per car per month)	\$ 5.67	\$ 6.86
Offices		
Per person/no restaurant	\$ 1.39	\$ 1.68
Schools		
Per student, no showers, Gym, cafeteria	\$ 1.11	\$ 1.34

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Service Territory 1
(formerly Development Services, Inc.)
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Shopping Centers		
Per 1,000 sq. ft. space	\$ 11.17	\$13.52
Swimming Pools		
Per person with facilities	\$ 1.11	\$ 1.34
Theaters		
Indoor/seat	\$ 0.60	\$ 0.73
Institutions		
Per resident	\$ 4.75	\$ 5.75
Laundries		
Self Serve (per machine)	\$ 18.96	\$22.95
Mobile Homes		
Per person	\$ 4.75	\$ 5.75
Motels		
Per unit (no restaurant)	\$ 4.75	\$ 5.75

Utility will also charge for treatment services provided by the government body or agency, or other entity to the affected customers on a pro rata basis, without mark up. Utility shall provide affected customers an explanation of the increase with the first bill reflecting the increase rate. Where a governmental body or agency or other entity providing treatment services also charges a service fee or similar fees, Utility will collect such fees from its affected customers for payment to the treatment services provider.

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Service Territory 2
(formerly Midlands Utility Inc.)
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All rates and charges presented herein are reflected in the format requested in the Application.

A) Schedule of Rates for Customers Wastewater Treated by Utility's WWTFs:

	<u>Current</u>	<u>Proposed</u>
Monthly Service Charge for Treatment:		
Residential		
Single-family	\$37.90	\$47.38
Apartments (Per Unit)	\$37.90	\$47.38
Mobile Home	\$28.43	\$35.54
Commercial		
Convenience Store (Per SFE)	\$37.90	\$47.38
Other (Per SFE)	\$37.90	\$47.38

B) Schedule of Rates for Customers Wastewater Treated by Other Treatment Providers

	<u>Current</u>	<u>Proposed</u>
Monthly Service Charge:		
Residential		
Single Family	\$23.03	\$28.79
Apartments (Per Unit)	\$23.03	\$28.79
Mobile Home	\$17.27	\$21.59
Commercial		
Per SFE	\$23.03	\$28.79

Utility will also charge for treatment services provided by the government body or agency, or other entity to the affected customers on a pro rata basis, without mark up. Utility shall provide affected customers an explanation of the increase with the first bill reflecting the increase rate. Where a governmental body or agency or other entity providing treatment services also charges a service fee or similar fees, Utility will collect such fees from its affected customers for payment to the treatment services provider.

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SEWER SERVICE
TERMS AND CONDITIONS
AND
NON-RECURRING CHARGES

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1. In addition to the Utility's tap fees, plant expansion or modification fees, connection fees and all other fees are to be paid directly to the entity providing treatment services including Town of Lexington, Town of Winnsboro, Orangeburg Department of Public Works and Carolina Water Service, Inc.

2. The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to discharge acceptable wastewater into its sewer system. However, anyone or any entity which is willing to pay all costs associated with extending an appropriately engineered and constructed main or utility service line from its premises to an appropriate connection point on the Utility's sewer system may receive service, subject to paying the appropriate fees and charges set forth in the current rate schedule, complying with guidelines and standards hereof, and, where appropriate, agreeing to pay approved amounts for multi-tap capacity. In addition, capacity must be available from the government body or agency or other entity providing bulk service to Utility and the appropriate fees be paid to that bulk service provider.

3. Non-Recurring Charges

A. Sewer Service Connection (New connections only). The Utility's guidelines for Unit Contributory Loadings for Domestic Wastewater Treatment Facilities are incorporated herein by reference. To determine tap fees the following formula is used if the customer's Bio-Chemical Oxygen Demand (BOD) factor is greater than the BOD factor for a resident:

$$\frac{\text{Total Volume (gpd)}}{300 \text{ (gpd)}} \times \frac{\text{Unit BOD of Customer/100gal}}{0.17 \text{ lbs.}} \times \$500.00$$

If the customer's BOD factor is less than the BOD factor of an equal volume of residential waste, the following formula should be used:

$$\frac{\text{Total Volume (gpd)}}{300 \text{ (gpd)}} \times \$500.00$$

The minimum service connection fee for new customers shall be \$500.00.

B. Schedule of Rates for Plant Expansion/Modification Fees for Customers Wastewater Treated by Synergy WWTFs

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Residential (Per SFE)	\$500.00
Commercial (Per SFE)	\$500.00

C. Commercial rates are determined by a single family equivalent (SFE). The Utility has determined its SFE for commercial customers as follows:

Schedule of Commercial Rates

Service Stations

1 st Bay	1.57
Additional bay	.78
Without bay	1.09

Food Service Operations

Ordinary/seat (not 24 hrs)	.16
24 Hour Restaurant/seat	.23
Drive-In/car space	.16
FastFood/car space	.16
Vending Machine	.093

Churches

Church per seat, <132 seats	1.0
Church/seat, >132 seats	.0075
Minimum Monthly Charge	1.0

Car Washes

CarWash (per car)	.158
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Offices

Per person/no restaurant	.039
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Nursing/Rest Homes

Per Bed (no laundry)	.132
Per Bed (with laundry)	.156

Schools

Per student, no showers, Gym, cafeteria	.03
Per student, w/cafeteria, no gym, showers	.04
Per student, with cafeteria, Gym, showers	.047

Shopping Centers Per 1,000 sq. ft. space	.31
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Swimming Pools

Per person with facilities	.031
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Theaters

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Indoor/seat	.017
Drive-In/Stall	.017
 Picnic Parks	
Average attendance	.047
 Institutions	
Per resident	.132
 Laundries	
Self Serve (per machine)	.53
 Mobile Homes	
Per person	.132
 Motels	
Per unit (no restaurant)	.132
 Factories	
Each employee no showers	.047
Each employee w/ showers	.062
Each employee w/ kitchen facilities	.077
 Minimum Commercial Charge	
Territory 1	\$43.42
Territory 2	\$47.38

D. Reconnection Charges: In addition to any other charges that may be due, in those cases where a customer's service has been disconnected for any reason as set forth in Commission Rule R. 103-532.4 a reconnection fee in the amount of \$500.00 shall be due at the time the customer reconnects service. Where an elder valve or other similar device has been previously installed, a reconnection fee of \$70.00 shall be charged.

E. Tampering Charge: In the event the Utility's equipment, sewage pipes, curb stops, service lines, elder valves or other facilities have been damaged or tampered with by a customer, the Utility may charge the customer responsible for the damage the actual cost of repairing the Utility's equipment, not to exceed \$250. The tampering charge shall be paid in full prior to the Utility re-establishing service or continuing the provision of service. This provision shall not prevent the Utility from using other legal methods in seeking recovery of damages from tampering.

F. Where the Applicant's bulk treatment providers charge an analytical testing fee on the Applicant, the costs of the analytical testing fee will be passed through to the Applicant's affected customers benefiting from the treatment. The pass-through costs shall be on a pro rata basis without markup.

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G. Delinquent Notification Fee: A fee of \$20.00 shall be charged each customer to whom the Company mails a notice of discontinuance of service as required by the Commission rules prior to service being discontinued. This fee assesses a portion of the clerical and mailing costs of such notice to the customer creating the cost.

H. Customer Initiation Fee: A one-time fee of \$30.00 will be charged to each new account to defray costs of initiating service.

I. Return Check Fee: When a check is returned from the bank for Non-sufficient Funds, a fee equal to the maximum amount permitted by S.C. Code Ann. Section 34-11-70 will be charged.

J. Service Fee: A service fee of \$75.00 shall be charged by the Company for non-routine, non-emergency service performed for the customer on the customer's side of the connection during the hours of 8:30 AM to 5:00 PM. A service fee of \$150.00 will be charged for this service from 5:00 PM to 8:30 AM.

K. Provision for control of fats, oils and grease.

1. General

Any industrial, commercial or nonresidential facility connected to the sanitary sewer collection and treatment system involved in the preparation or serving of foods and other establishments with the potential to discharge fats, oils and greases will be subject to the conditions of this section.

The purpose of this section is to aid in the prevention of sanitary sewer blockages and obstructions from contributions and accumulation of fats, oils, and greases into the sanitary sewer system from industrial or commercial establishments, particularly food preparation and serving facilities.

In addition to the control of fats, oils, and grease each user shall take appropriate steps to prevent the discharge of petroleum oil, non-biodegradable cutting oil, or products of mineral oil origin, including, but not limited to fuel oil; sludge; oil refuse; oil mixed with wastes other than dredged spoil; fats, oils or greases of animal, fish, or marine mammal origin; vegetable oils, including oil from seeds, nuts, fruits, or kernels; and other oils and greases, including synthetic oils and mineral oils in amounts that will cause interference or pass-through of the sewer collection and/or treatment systems.

2. Definitions

Fats, oils, and greases: Organic polar compounds derived from animal

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and/or plant sources that contain multiple carbon chain triglyceride molecules. These substances are detectable and measurable using analytical test procedures established in the United States Code of Federal Regulations 40 CFR 136, as may be amended from time to time. All are sometimes referred to herein as grease or greases.

Food service establishments: Those industrial, commercial or nonresidential establishments primarily engaged in activities of preparing, serving, or otherwise making food available for consumption by the public, such as restaurants, bars, commercial kitchens, caterers, motels, hotels, schools, hospitals, cafeterias, prisons, correctional facilities, and residential health care institutions. These establishments use one or more of the following preparation activities: cooking by frying (all methods), baking (all methods), grilling, sautéing, rotisserie cooking, broiling (all methods), boiling, blanching, roasting, toasting, or poaching. Also included are infrared heating, searing, barbecuing, and any other food preparation activity that produces a hot, non-drinkable food product in or on a receptacle that requires washing. Those permanent facilities required to have a South Carolina Department of Health and Environmental Control food service license shall normally be included.

Grease interceptor: A structure or device designed for the purpose of removing and preventing fats, oils, and greases from entering the sanitary sewer collection system. These devices are often below-ground units in outside areas and are built as two- or three- chambered baffled tanks.

Grease trap: A device for separating and retaining waterborne greases and grease complexes prior to the wastewater exiting the trap and entering the sanitary sewer collection and treatment system. Such traps are typically compact under-the-sink units that are near food preparation areas.

Minimum design capability: The design features of a grease interceptor and its ability or volume required to effectively intercept and retain greases from grease-laden wastewaters discharged to the public sanitary sewer. All systems shall be designed such that no more than one hundred (100) milligrams per liter of fats, oils, and/or grease shall be discharged to the public sewer system at any time.

Neutralizing Device: A tank or manufactured device installed to dilute or neutralize acids or corrosive liquids prior to discharge into collector lines. Such devices shall be automatically provided with a sufficient intake of diluting water or neutralizing medium, so as to make its contents non-injurious before being discharged into the collection system.

Oil separator: A device which serves to trap and retain oils or flammable liquid to prohibit the introduction into the sewer system by accident or otherwise.

Sand separator: A device which is designed to trap sand and other solids

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and prohibit entry into the sewer system and may operate in conjunction with or as a component of a grease interceptor or oil separator.

SCDHEC: South Carolina Department of Health and Environmental Control

Synergy: Synergy Utilities, LP

User: Any person, who contributes, causes or permits the contribution or discharge of wastewater into a treatment works, including persons who contribute such wastewater from mobile sources, such as those who discharge hauled wastewater.

3. Wastewater discharge limitations.

In addition to those items referenced in Section K.1 generally, no user shall allow wastewater discharge from subject grease interceptor, grease trap, or alternative pretreatment technology to exceed one hundred (100) milligrams per liter of fats, oil and grease as measured by methods provided in 40 CFR 136.

4. Food service establishment permit requirement.

All food service and other establishments with the potential of discharging wastewater containing fats, oils and grease to the Synergy sanitary sewer collection systems are subject to the following requirements:

a. Grease interceptor requirements: All food service and related establishments are required to install, operate, and maintain an approved type and adequately-sized grease interceptor necessary to maintain compliance with the objectives of the ordinance and related regulations. All grease interceptors must meet the requirements of the Synergy standards in addition to the latest addition of the International Plumbing Code as adopted by the South Carolina Building Codes Council.

b. Implementation: All new service establishment facilities are subject to grease interceptor requirements. All such facilities must obtain prior approval from Synergy for grease interceptor design and sizing prior to submitting plans for a building permit. The grease interceptor must provide for a minimum hydraulic retention time of twenty four (24) minutes at actual peak flow or twelve (12) minutes at the calculated theoretical peak flow rate as predicted by the International Plumbing Code fixture criteria, between the influent and effluent baffles with twenty (20) percent of the total volume of the grease interceptor being allowed for sludge to settle and accumulate, identified hereafter as the sludge pocket.

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Existing facilities with planned modification in plumbing improvements or not in accordance with Synergy standards will be required to provide plans to comply with the grease interceptor requirements. All existing food service establishments, determined by Synergy to have a reasonable potential to adversely impact Synergy's sewer systems will be notified of their obligation and provided with a compliance schedule to install a grease interceptor and related appurtenances.

c. Construction and location criteria for grease Interceptors: The construction and location criteria for grease Interceptors shall be in accordance with Environmental Protection Agency (EPA) Guidance Document, "On site Wastewater Treatment and Disposal Systems," Chapter 8.

d. Grease interceptor and/or grease trap inspection: Prior to placing the grease interceptor and/or grease trap into operation the owner of the establishment shall request an inspection and shall be approved by Synergy.

e. Variance to install a grease trap in lieu of grease interceptor: Grease interceptors required under this provision shall be installed unless Synergy authorizes the installation of an indoor grease trap or other alternative pretreatment technology and determines that the installation of a grease interceptor would not be feasible. The food service establishment bears the burden of demonstrating that the installation of a grease Interceptor is not feasible. If an establishment desires, because of documented space constraints, an alternative to an out-of-building grease interceptor, the request for an alternative grease trap or location shall contain the following information. In addition to general information the following information must be provided by the food service establishment:

i. Location of Synergy sewer main and easement in relation to available exterior space outside building.

ii. A schematic or plan of existing plumbing at or in a site that uses common plumbing for all services at that site.

iii. Specific manufacturer literature on the proposed system.

iv. Inability to pay for the required modifications shall not be deemed an acceptable reason for non-compliance.

5. Grease interceptor design requirements.

a. Grease interceptor sizing and installation must be approved by Synergy. The grease interceptor must provide for a minimum hydraulic retention time of twenty-four (24) minutes at actual peak flow or twelve (12) minutes at the calculated theoretical peak flow rate as predicted by the International Plumbing Code fixture criteria, between the influent and effluent baffles with twenty (20) percent of the total volume of the grease

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Docket No. 2017-28-S

Exhibit MPS-3

interceptor being allowed for sludge to settle and accumulate, identified hereafter as the sludge pocket. No interceptor total volume shall be less than 1000 gallons. The grease interceptor shall have a minimum of two (2) compartments with fittings designed for grease retention.

b. Grease interceptors shall be installed at a location where they shall be easily accessible for inspection, cleaning, and removal of intercepted grease. The grease interceptor may not be installed in any part of the building where food is handled. Location of the grease interceptor must meet the approval of Synergy, and may require approval of SCDHEC.

c. All grease Interceptors, whether singular or in series, must be directly accessible from the surface and must be fitted with an extended outlet sanitary tee that terminates 6" to 12" above the tank floor. The minimum access opening dimensions shall be 18" x 18" or a minimum of 24" in diameter. Two (2) access openings (inlet and outlet) to underground traps are required and should be removable with ease by one person.

See typical detail for 1,000 gallon capacity trap attached at Exhibit A in the detail section.

d. All below ground grease Interceptors must either be two-chambered or individual tanks in series. If two-chambered, the dividing wall must be equipped with an extended elbow or sanitary tee terminating 6" to 12" above the tank floor. An extended outlet sanitary tee must also be provided at the outlet of the second chamber. Both chambers must be directly accessible from the surface.

6. Grease interceptor Operation & Maintenance requirements.

a. All such grease interceptors shall be serviced and emptied of accumulated waste content as required in order to maintain minimum design capacity or effective volume. These devices should be inspected at least monthly. Users who are required to maintain a grease interceptor shall:

i. Maintenance of grease traps/interceptors must include thorough pump-out and/or cleaning as needed by removing any accumulated grease cap and sludge pocket as often as necessary, up to and including daily, but at intervals of not longer than ninety (90) days at the user's expense. Grease interceptors shall be kept free of inorganic solid materials such as grit, rocks, gravel, sand, eating utensils, cigarettes, shells, towels, rags, etc., which could settle into this pocket and thereby reduce the effective volume of the grease interceptor.

ii. If any skimmed or pumped wastes or other materials removed from a grease interceptor are treated in any fashion on site and reintroduced back into the grease interceptor as an activity of and after said on-site treatment, the user shall be responsible for the attainment of the established grease numerical limit of one hundred (100) milligrams per liter on all discharges of wastewater from said grease interceptor into Synergy sanitary sewer collection and treatment system.

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iii. Operate the grease interceptor in a manner so as to maintain said device such that attainment of the grease limit is consistently achieved. Consistent shall mean any wastewater sample taken from the effluent of said grease interceptor shall be equal to or less than the limit stated in Section K.3 Wastewater discharge limitations.

iv. The use of biological or enzyme additives as a grease degradation agent is conditionally permissible, upon written approval by Synergy. Any establishment using this method of grease abatement shall maintain the trap or interceptor in such a manner that attainment of the grease wastewater discharge limit, as measured from the trap's outlet, is consistently achieved. Upon determination that any such products has caused interference with Synergy's collection and/or treatment systems the User shall be notified to immediately discontinue the use of any such products.

v. The use of automatic grease removal systems is conditionally permissible, upon prior written approval by Synergy. Any establishment using this equipment shall operate the system in such a manner that attainment of the grease wastewater discharge limit, as measured from the unit's outlet, is consistently achieved.

vi. Synergy reserves the right to make determinations of the grease interceptor adequacy and need, based on review of all relevant information regarding grease interceptor performance, facility site and building plan review and to require repairs to, or modification or replacement of such units.

vii. In no case shall the total accumulation of grease, oil, floating materials, and sediment be allowed to occupy more than twenty-five percent (25%) of the capacity of the first stage of the grease interceptor.

viii. If sampling test results for an establishment are more than twenty-five percent (25%) of the wastewater discharge limit. and the establishment does not have an approved extension to its cleaning schedule, the establishment shall immediately clean and inspect the trap and will be required to clean its grease interceptor(s) at an interval of thirty (30) days or less, for a period of time to be determined by Synergy.

b. The user shall maintain a written record of trap maintenance for a minimum of three (3) years. All such records will be available for inspection by Synergy at all reasonable times. Synergy may require the submittal of any maintenance contracts, hauling manifests, and cleaning records. Records shall include at a minimum the date of service, estimated volume removed, person and/or company performing the service, and the means and location of disposal. Synergy reserves the right to observe any and all cleaning and maintenance activities whether performed by the User or a contracted operator.

c. Non grease-laden sources are not allowed to be connected to the sewer lines intended for grease interceptor service.

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d. Access manholes, with a minimum diameter of twenty-four (24) inches, shall be provided over each chamber and sanitary tee. The access manholes shall extend at least to finished grade and be designed and maintained to prevent water inflow or infiltration. The manholes shall also have readily removable covers to facilitate inspection grease removal, and wastewater sampling activities.

7. Grease trap requirements.

a. Upon approval by Synergy, a grease trap complying with the provisions of this section may be installed instead of a grease interceptor. The grease trap must be installed in the waste line leading from sinks, drains, and other fixtures or equipment in food service establishments where grease may be introduced into drainage or sewage system in quantities that can affect line stoppages or hinder sewage treatment or private sewage disposal.

b. Grease trap sizing and installation must be approved by Synergy.

c. No grease trap shall be installed which has a stated flow rate of more than fifty-five (55) gallons per minute except when specifically approved by Synergy.

d. Grease traps shall be maintained in efficient operating conditions by periodic removal of the accumulated grease. No such collected grease shall be introduced into any drainage piping or public sewer and shall be properly disposed or recycled in accordance with acceptable practices and all environmental regulations.

e. No food waste disposal unit or dishwasher shall be connected to or discharge into a grease trap.

f. Wastewater in excess of one hundred-forty degrees Fahrenheit (140° F)/ sixty degrees Celsius (60° C) shall not be discharged into a grease trap.

8. Requests for cleaning schedule extension.

A food service establishment may apply to Synergy for an extension of the required cleaning frequency set forth in the ordinance. The representative of the food service establishment who wishes to apply for the cleaning schedule extension shall notify Synergy in advance of the intent to apply for the extension. Synergy may grant an extension on a required cleaning frequency on a case-by-case basis where the User has demonstrated, with defensible analytical results, the specific grease interceptor or grease trap will produce an effluent in consistent compliance with the ordinance if such an extension is granted.

The notification of intent to apply for an extension shall include:

a. Facility information:

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Exhibit MPS-3

- i. The name and address of the facility;
- ii. Name and telephone number of the facility contact;
- iii. Normal business hours; and
- iv. The type of business;
- b. Treatment unit information:
 - i. The type of treatment unit and the capacity in gallons;
 - ii. A brief description of the treatment unit;
 - iii. The time(s) of day the greatest hydraulic and organic loadings to the treatment unit normally occur;
 - iv. The date of the most recent leaning and inspection of the unit;
 - v. A statement of the physical condition of the unit; and
 - vi. Where applicable, the name of any treatment products used.
- c. A proposed sampling schedule, including:
 - i. The date(s) the User proposes to collect the samples;
 - ii. The times each sample will be collected;
 - iii. The name and telephone number of the person who will collect the samples, including qualifications; and
 - iv. The name and telephone number of the laboratory which will analyze the samples and its SCDHEC laboratory identification number;
- d. Other information as may be requested by Synergy.

The User shall obtain approval of the proposed sampling schedule prior to initiation of the sampling and analyses. The User shall certify the sampling schedule will be carried out as submitted or as approved. Synergy shall reserve the right to modify a sampling schedule as deemed necessary. The User shall be required to provide analytical results for not less than three (3) oil and grease analyses for samples collected during peak flow periods through the unit during the normal working hours of a twenty-four (24) hour period.

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- i. Samples shall be collected at an approved sampling port and shall be collected by a qualified person properly trained in the collection and handling of wastewater samples.
- ii. Samples shall be 45-60 days after the most recent cleaning.
- iii. Samples shall be analyzed, separately, by a reputable laboratory approved by SCDHEC using approved analytical procedures.
- iv. The User shall submit a written request for a cleaning schedule extension, including:
 - v. A copy of the cleaning and maintenance records for the treatment unit for the previous twelve months;
 - vi. A copy of the laboratory analytical reports, including quality control data and appropriate chains of custody;
 - vii. Incomplete or unverifiable results shall not be considered.
- e. Synergy may grant extensions to the cleaning schedule as follows:
 - i. A thirty (30) day extension may be granted where the average oil and grease concentration of the analyses is less than 66% of the concentration limit and no single concentration exceeded 70% of the concentration limit.
 - ii. A sixty (60) day extension may be granted where the average oil and grease concentration of the analyses is less than 50% of the concentration limit and no single concentration exceeded 60% of the concentration limit.
 - iii. A ninety (90) day extension may be granted where the average oil and grease concentration of the analyses is less than 33% of the concentration limit and no single concentration exceeds 50% of the concentration limit.
 - iv. In no case shall an extension greater than ninety (90) days be granted. Extensions granted shall begin on the date the samples for which results were submitted were collected as documented on the chain of custody. Where an extension has been granted, the unit shall consistently produce an effluent in compliance with the terms of this or other applicable Ordinance. Synergy shall reserve the right to collect and analyze samples of any User's discharge and may revoke, without notice, any extension where Synergy believes it is in the best interest of the proper protection and operation of its collection and treatment systems.

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Exhibit MPS-3

v. Where an extension has been granted and any sample analysis indicates an exceedance of the oil and grease limitation by twenty-five (25%) percent or more, the User shall immediately clean and inspect the trap and shall return to the original cleaning schedule. Where the User has been required to return to an original cleaning frequency, the User shall be required to submit a new request for extension if desired.

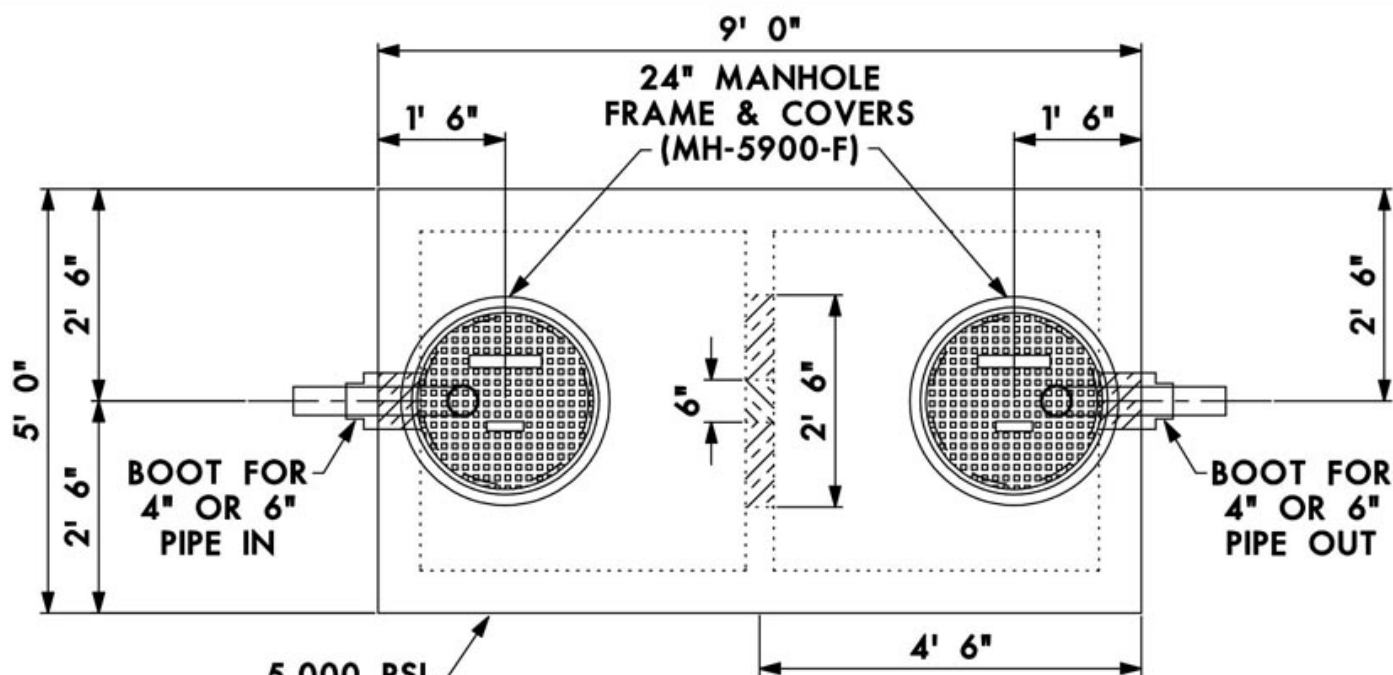
vi. Where an extension has been granted and any sample analysis indicates an exceedance of the oil and grease limitation of any magnitude by less than 25%, the User shall immediately clean and inspect the trap and shall decrease the maximum time between cleanings by at least thirty (30) days.

vii. Where an extension has been granted and Synergy must clean associated public sewer lines and the stoppage is traceable to or known or suspected to be caused by the User's facility, the User shall immediately clean and inspect the trap and shall return to the original cleaning schedule. The User will be required to submit a new request for extension if desired.

9. Failure to comply.

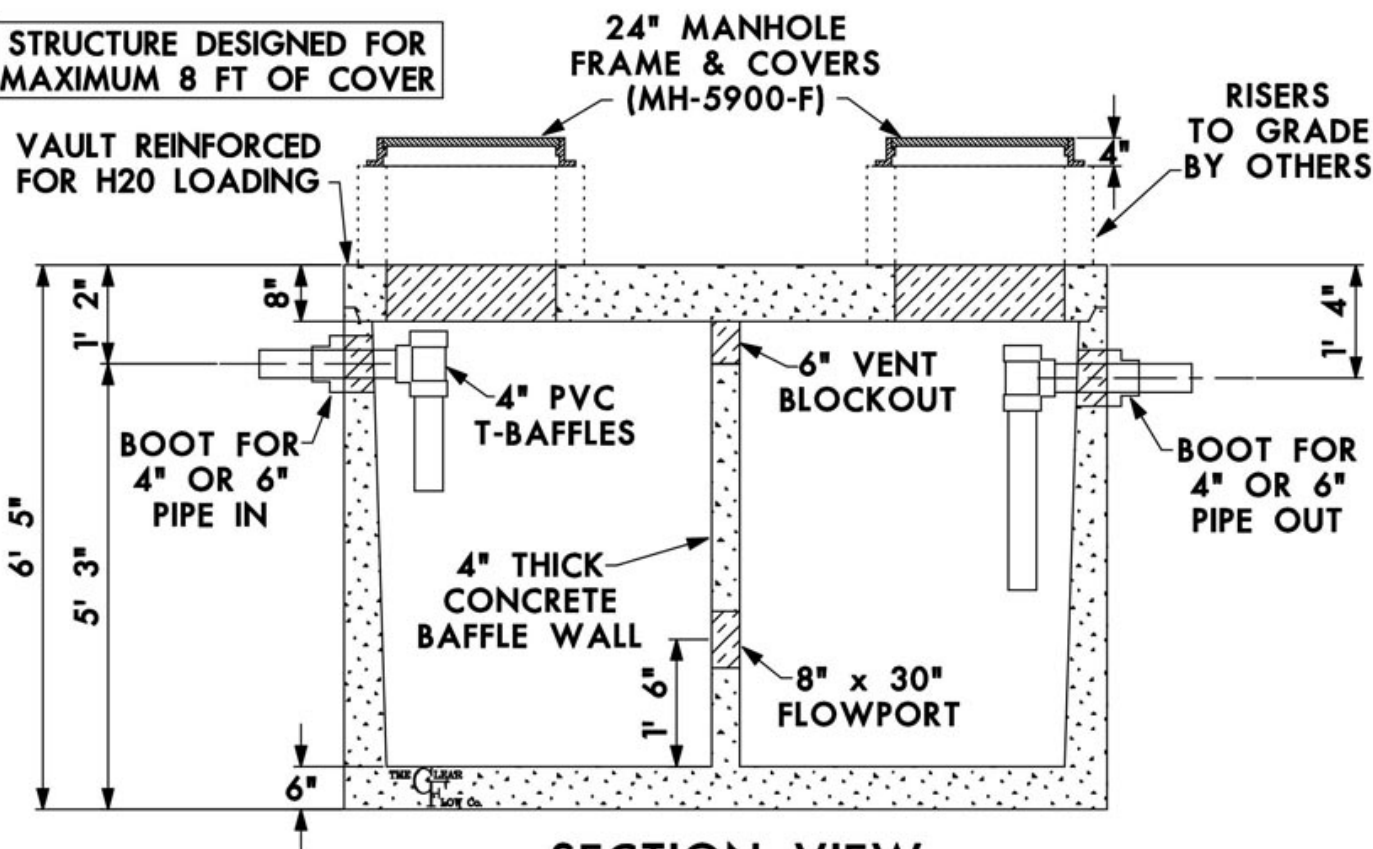
Any person, establishment or entity which fails to comply with any of the requirements set forth in this section, including, but not limited to, cleaning grease interceptors or grease traps at necessary intervals, providing up-to-date cleaning logs, or which refuses to open grease interceptors or grease traps for inspections by Synergy inspectors or exceeds discharge limits, is subject to termination of service after ten (10) days' written notice of termination to the person, establishment or entity which fails to comply with these requirements. Notice termination may be delivered by personal service, posting of the notice of termination conspicuously at the service location or by mail with copies to the appropriate county health department and the Office of Regulatory Staff ("ORS"). After the physical disconnection of any sewerage service, the Division of Environmental Health of the South Carolina Department of Health and Environment Control and the ORS shall immediately be notified of the disconnection.

Any person, establishment or entity that fails to comply with any of the requirements set forth in these provision for control of fats, oils and grease shall not be reconnected to Synergy's treatment system until such time as they comply with these provisions. Any person, establishment or entity that by their failure to comply with these provisions for control of fats, oils and grease causes damage to Synergy's treatment system, shall be liable to Synergy for the cost of repair of any such damage.



PLAN VIEW

STRUCTURE DESIGNED FOR MAXIMUM 8 FT OF COVER



SECTION VIEW

NOTES:

1. VAULT SHIPPED IN ONE PIECE WEIGHING APPROX. 19,000 LBS.
2. RISERS TO GRADE NOT INCLUDED
3. MANHOLE FRAME & COVERS SHIPPED LOOSE FOR INSTALLATION BY THE CONTRACTOR
4. ALL INTERIOR PIPING PROVIDED & INSTALLED BY THE CONTRACTOR

Office of Regulatory Staff
Customer Growth
Synergy Utilities, LP
Docket No. 2017-28-S

Exhibit MPS-4

Service Territory 1	<u>Date</u>	<u># of Customers</u>
	6/30/2016	164
	6/30/2017	173
	Average	169
	Growth Factor	2.3669%

Service Territory 2	<u>Date</u>	<u># of Customers</u>
	6/30/2016	690
	6/30/2017	689
	Average	690
	Growth Factor	-0.1449%

Total Sewer	<u>Date</u>	<u># of Customers</u>
	6/30/2016	854
	6/30/2017	862
	Average	859
	Growth Factor	0.3492%

*Synergy response to ORS Audit Information Request 1-33

Office of Regulatory Staff
Top Bill Comparison
Synergy Utilities, LP
Docket No. 2017-28-S

Exhibit MPS-5

Service Territory 1 Top 5 Customer Bills							
Customer Type	Current Monthly Bill	Proposed Monthly Bill	Difference	Current Annual Bill	Proposed Annual Bill	Difference	% Increase
Apartments	\$11,820.48	\$14,306.88	\$2,486.40	\$141,845.76	\$171,682.56	\$29,836.80	21%
Restaurant / Shopping Center	\$7,769.42	\$9,402.77	\$1,633.35	\$93,233.09	\$112,833.29	\$19,600.20	21%
Apartments	\$5,655.62	\$6,845.84	\$1,190.22	\$67,867.44	\$82,150.08	\$14,282.64	21%
Restaurant / Shopping Center	\$2,522.19	\$3,052.65	\$530.46	\$30,266.27	\$36,631.76	\$6,365.48	21%
Theater	\$1,728.00	\$2,102.40	\$374.40	\$20,736.00	\$25,228.80	\$4,492.80	22%

Service Territory 2 Top 5 Customer Bills							
Customer Type	Current Monthly Bill	Proposed Monthly Bill	Difference	Current Annual Bill	Proposed Annual Bill	Difference	% Increase
Commercial	\$11,329.32	\$12,642.60	\$1,313.28	\$135,951.84	\$151,711.20	\$15,759.36	12%
Commercial	\$521.75	\$582.23	\$60.48	\$6,260.94	\$6,986.70	\$725.76	12%
Commercial	\$397.52	\$443.60	\$46.08	\$4,770.24	\$5,323.20	\$552.96	12%
Commercial	\$356.77	\$398.13	\$41.36	\$4,281.29	\$4,777.57	\$496.28	12%
Commercial	\$279.75	\$312.18	\$32.43	\$3,357.06	\$3,746.20	\$389.15	12%

Office of Regulatory Staff
Revenue Impact of Tax Change
Synergy Utilities, L.P.
Docket No. 2017-28-S

Line No.	Item	Service Territory 1 (DSI)		Service Territory 2 (MUI)	
		Decrease of Federal Income Tax Rate to 21%		Decrease of Federal Income Tax Rate to 21%	
		<u>Docket 2014-406-S</u>	<u>Reflect 21% Federal</u>	<u>Docket No. 2004-297-S -</u>	<u>Reflect 21% Federal</u>
		<u>Order No. 2015-460</u>	<u>Income Tax Rate</u>	<u>Order No. 2005-168</u>	<u>Income Tax Rate</u>
1	Operating revenues	737,179	737,179	1,342,506	1,342,506
2	Operating expenses	462,506	462,506	1,010,418	1,010,418
3	Taxes other than Income	60,720	60,720	-	-
4	Interest expense	37,634	37,634	-	-
5	Taxable income (L1 - (Sum (L2 thru L4))	176,319	176,319	332,088	332,088
6	State income tax (L5 * 5.0% tax rate)	8,816	8,816	16,604	16,604
7	Federal income tax ((L5-L6) * tax rate)	56,951	35,176	106,289	66,252
8	Net income (L5 - L6 - L7)	110,552	132,327	209,195	249,232
9	Add back: interest expense (L4)	37,634	37,634	-	-
10	Net income for return (L8 + L9)	148,186	169,961	209,195	249,232
11	Cumulative change in net income for return		21,775		40,037
12	Retention factor		75.05%		75.05%
13	Revenue impact of cumulative change		(29,014)		(53,347)
14	Daily Revenue Impact (L13/365)		(79)		(146)
15	Daily * 151 Days ¹		(11,929)		(22,046)
16	Annual Amortization over 3 years		<u>\$ (3,976)</u>		<u>\$ (7,349)</u>
					<u><u>\$ (11,325)</u></u>
					<u><u>Synergy</u></u>
					<u><u>Utilities, L.P.</u></u>
					<u><u>Consolidated</u></u>

(1) Commission Order expected June 1, 2018. 151 days from January 1, 2018-May 31, 2018

Office of Regulatory Staff
Revenue at ORS Proposed Rates
Synergy Utilities, LP
Docket No. 2017-28-S

Exhibit MPS-7

ORS Calculated Proposed Revenue at ORS Proposed Rates

	Customer Classification	Annualized SFE	Monthly Rate	Revenue at Proposed Rates
Sewer	Collection and Treatment			
	Residential Collection and Treatment	6,852	\$43.00	\$294,636
	Apartment (Per Unit) Collection and Treatment	6,168	\$40.85	\$251,963
	Mobile Homes Collection and Treatment	0	\$32.25	\$0
	Commercial Collection and Treatment	12,239	\$43.00	\$526,265
	Collection Only			
	Residential Collection Only	3,060	\$27.50	\$84,150
	Apartment (Per Unit) Collection Only	0	\$27.50	\$0
	Mobile Homes Collection Only	72	\$21.00	\$1,512
	Commercial Collection Only	3,336	\$27.50	\$91,740
	Pass-through Treatment Only			
	Service Charge, Northwoods	1,128	\$21.66	\$24,432
	Outside Treatment, Northwoods	1,128	\$28.30	\$31,922
	Outside Treatment, Royal Hills	372	\$25.85	\$9,616
	Outside Treatment, Van Arsdale	4,968	\$31.10	\$154,505
	Residential			\$632,261
	Commercial			\$618,005
	Pass-Through			\$220,475
	Sewer Service Total			\$1,470,741
	Miscellaneous Revenues - Late Charges			\$6,232
	Miscellaneous Revenues - Set Up Fee	31	\$30.00	\$930
	Miscellaneous Revenues - Notification Fee	748	\$20.00	\$14,960
	Miscellaneous Revenues - Cutoff Charges			\$6,665
	Miscellaneous Revenues - Pub. Auth. Sludge			\$9,095
	Miscellaneous Revenues - Other			\$16,520
	Miscellaneous Revenues - Service Calls			\$4,923
	Total Miscellaneous Revenue			\$59,325

Total Proposed Operating Revenues	\$1,530,066
Less: ORS Pro-Forma Operating Revenues	\$1,328,750
Total Proposed Increase	\$201,316
Percent Increase	15.15%

Office of Regulatory Staff
Schedule of ORS Proposed Rates and Charges
Synergy Utilities, LP
Docket No. 2017-28-S

Exhibit MPS-8

A) Schedule of Rates for Customers Wastewater Treated by Utility's WWTFs:
Proposed

Monthly Service Charge for Treatment:

Residential

Single-family	\$43.00
Apartments (Per Unit)	\$40.85
Mobile Home	\$32.25

Commercial

Per SFE	\$43.00
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B) Schedule of Rates for Customers Wastewater Treated by Other Treatment Providers

Proposed

Monthly Service Charge:

Residential

Single Family	\$27.50
Apartments (Per Unit)	\$27.50
Mobile Home	\$21.00

Commercial

Per SFE	\$27.50
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Utility will also charge for treatment services provided by the government body or agency, or other entity to the affected customers on a pro rata basis, without mark up. Utility shall provide affected customers an explanation of the increase with the first bill reflecting the increase rate. Where a governmental body or agency or other entity providing treatment services also charges a service fee or similar fees, Utility will collect such fees from its affected customers for payment to the treatment services provider.

Office of Regulatory Staff
Schedule of ORS Proposed Rates and Charges
Synergy Utilities, LP
Docket No. 2017-28-S

Exhibit MPS-8

SEWER SERVICE
TERMS AND CONDITIONS
AND
NON-RECURRING CHARGES

1. In addition to the Utility's tap fees, plant expansion or modification fees, connection fees and all other fees are to be paid directly to the entity providing treatment services including Town of Lexington, Town of Winnsboro, and Orangeburg Department of Public Works.

2. The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to discharge acceptable wastewater into its sewer system. However, anyone or any entity which is willing to pay all costs associated with extending an appropriately engineered and constructed main or utility service line from its premises to an appropriate connection point on the Utility's sewer system may receive service, subject to paying the appropriate fees and charges set forth in the current rate schedule, complying with guidelines and standards hereof, and, where appropriate, agreeing to pay approved amounts for multi-tap capacity. In addition, capacity must be available from the government body or agency or other entity providing bulk service to Utility and the appropriate fees be paid to that bulk service provider.

3. Non-Recurring Charges

A. Sewer Service Connection (New connections only). The Utility's guidelines for Unit Contributory Loadings for Domestic Wastewater Treatment Facilities are incorporated herein by reference. To determine tap fees the following formula is used if the customer's Bio-Chemical Oxygen Demand (BOD) factor is greater than the BOD factor for a resident:

$$\frac{\text{Total Volume (gpd)}}{300 \text{ (gpd)}} \times \frac{\text{Unit BOD of Customer/100gal}}{0.17 \text{ lbs.}} \times \$500.00$$

If the customer's BOD factor is less than the BOD factor of an equal volume of residential waste, the following formula should be used:

$$\frac{\text{Total Volume (gpd)}}{300 \text{ (gpd)}} \times \$500.00$$

The minimum service connection fee for new customers shall be \$500.00.

B. Schedule of Rates for Plant Expansion/Modification Fees for Customers Wastewater Treated by Synergy WWTFs

Office of Regulatory Staff
Schedule of ORS Proposed Rates and Charges
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Exhibit MPS-8

Residential (Per SFE)	\$500.00
Commercial (Per SFE)	\$500.00

C. Commercial rates are determined by a single family equivalent (SFE). The Utility has determined its SFE for commercial customers as follows:

Schedule of Commercial Rates

Service Stations

1 st Bay	1.55
Additional bay	.78
Without bay	1.09

Food Service Operations

Ordinary/seat (not 24 hrs)	.16
24 Hour Restaurant/seat	.23
Drive-In/car space	.16
FastFood/car space	.16
Vending Machine	.093

Churches

Church Minimum Charge, <132 seats	1.0
Church per seat, >132 seats	.0075

Car Washes

Car Wash (per car)	.158
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Offices

Per person/no restaurant	.039
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Nursing/Rest Homes

Per Bed (no laundry)	.132
Per Bed (with laundry)	.156

Schools

Per student, no showers, Gym, cafeteria	.03
Per student, w/cafeteria, no gym, showers	.04
Per student, with cafeteria, Gym, showers	.047

Shopping Centers

Per 1,000 sq. ft. space	.31
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Swimming Pools

Per person with facilities	.031
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Theaters

Office of Regulatory Staff
Schedule of ORS Proposed Rates and Charges
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Exhibit MPS-8

Indoor/seat	.017
Drive-In/Stall	.017
 Picnic Parks	
Average attendance	.047
 Institutions	
Per resident	.132
 Laundries	
Self Serve (per machine)	.53
 Mobile Homes	
Per person	.132
 Motels	
Per unit (no restaurant)	.132
 Factories	
Each employee no showers	.047
Each employee w/ showers	.062
Each employee w/ kitchen facilities	.077
 Minimum Commercial Treatment Charge	
Per SFE	\$43.00

D. Reconnection Charges: In addition to any other charges that may be due, in those cases where a customer's service has been disconnected for any reason as set forth in Commission Rule R. 103-532.4 a reconnection fee in the amount of \$500.00 shall be due at the time the customer reconnects service. Where an elder valve or other similar device has been previously installed, a reconnection fee of \$70.00 shall be charged.

E. Tampering Charge: In the event the Utility's equipment, sewage pipes, curb stops, service lines, elder valves or other facilities have been damaged or tampered with by a customer, the Utility may charge the customer responsible for the damage the actual cost of repairing the Utility's equipment, not to exceed \$250. The tampering charge shall be paid in full prior to the Utility re-establishing service or continuing the provision of service. This provision shall not prevent the Utility from using other legal methods in seeking recovery of damages from tampering.

F. Where the Applicant's bulk treatment providers charge an analytical testing fee on the Applicant, the costs of the analytical testing fee will be passed through to the Applicant's affected customers benefiting from the treatment. The pass-through costs shall be on a pro rata basis without markup.

Office of Regulatory Staff
Schedule of ORS Proposed Rates and Charges
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Exhibit MPS-8

G. Delinquent Notification Fee: A fee of \$20.00 shall be charged each customer to whom the Company mails a notice of discontinuance of service as required by the Commission rules prior to service being discontinued. This fee assesses a portion of the clerical and mailing costs of such notice to the customer creating the cost.

H. Customer Initiation Fee: A one-time fee of \$30.00 will be charged to each new account to defray costs of initiating service.

I. Return Check Fee: When a check is returned from the bank for Non-sufficient Funds, a fee equal to the maximum amount permitted by S.C. Code Ann. Section 34-11-70 will be charged.

J. Service Fee: A minimum service fee of \$75.00 shall be charged by the Company for non-routine, non-emergency service performed for the customer on the customer's side of the connection during the hours of 8:30 AM to 5:00 PM. A minimum service fee of \$150.00 will be charged for this service from 5:00 PM to 8:30 AM. Utility will charge \$75.00 per hour for each additional hour required for work on the customer's side of the connection.

K. Provision for control of fats, oils and grease.

1. General

Any industrial, commercial or nonresidential facility connected to the sanitary sewer collection and treatment system involved in the preparation or serving of foods and other establishments with the potential to discharge fats, oils and greases will be subject to the conditions of this section.

The purpose of this section is to aid in the prevention of sanitary sewer blockages and obstructions from contributions and accumulation of fats, oils, and greases into the sanitary sewer system from industrial or commercial establishments, particularly food preparation and serving facilities.

In addition to the control of fats, oils, and grease each user shall take appropriate steps to prevent the discharge of petroleum oil, non-biodegradable cutting oil, or products of mineral oil origin, including, but not limited to fuel oil; sludge; oil refuse; oil mixed with wastes other than dredged spoil; fats, oils or greases of animal, fish, or marine mammal origin; vegetable oils, including oil from seeds, nuts, fruits, or kernels; and other oils and greases, including synthetic oils and mineral oils in amounts that will cause interference or pass-through of the sewer collection and/or treatment systems.

2. Definitions

Office of Regulatory Staff
Schedule of ORS Proposed Rates and Charges
Synergy Utilities, LP
Docket No. 2017-28-S

Exhibit MPS-8

Fats, oils, and greases: Organic polar compounds derived from animal and/or plant sources that contain multiple carbon chain triglyceride molecules. These substances are detectable and measurable using analytical test procedures established in the United States Code of Federal Regulations 40 CFR 136, as may be amended from time to time. All are sometimes referred to herein as grease or greases.

Food service establishments: Those industrial, commercial or nonresidential establishments primarily engaged in activities of preparing, serving, or otherwise making food available for consumption by the public, such as restaurants, bars, commercial kitchens, caterers, motels, hotels, schools, hospitals, cafeterias, prisons, correctional facilities, and residential health care institutions. These establishments use one or more of the following preparation activities: cooking by frying (all methods), baking (all methods), grilling, sautéing, rotisserie cooking, broiling (all methods), boiling, blanching, roasting, toasting, or poaching. Also included are infrared heating, searing, barbecuing, and any other food preparation activity that produces a hot, non-drinkable food product in or on a receptacle that requires washing. Those permanent facilities required to have a South Carolina Department of Health and Environmental Control food service license shall normally be included.

Grease interceptor: A structure or device designed for the purpose of removing and preventing fats, oils, and greases from entering the sanitary sewer collection system. These devices are often below-ground units in outside areas and are built as two- or three- chambered baffled tanks.

Grease trap: A device for separating and retaining waterborne greases and grease complexes prior to the wastewater exiting the trap and entering the sanitary sewer collection and treatment system. Such traps are typically compact under-the-sink units that are near food preparation areas.

Minimum design capability: The design features of a grease interceptor and its ability or volume required to effectively intercept and retain greases from grease-laden wastewaters discharged to the public sanitary sewer. All systems shall be designed such that no more than one hundred (100) milligrams per liter of fats, oils, and/or grease shall be discharged to the public sewer system at any time.

Neutralizing Device: A tank or manufactured device installed to dilute or neutralize acids or corrosive liquids prior to discharge into collector lines. Such devices shall be automatically provided with a sufficient intake of diluting water or neutralizing medium, so as to make its contents non-injurious before being discharged into the collection system.

Oil separator: A device which serves to trap and retain oils or flammable liquid to prohibit the introduction into the sewer system by accident or otherwise.

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Sand separator: A device which is designed to trap sand and other solids and prohibit entry into the sewer system and may operate in conjunction with or as a component of a grease interceptor or oil separator.

SCDHEC: South Carolina Department of Health and Environmental Control

Synergy: Synergy Utilities, LP

User: Any person, who contributes, causes or permits the contribution or discharge of wastewater into a treatment works, including persons who contribute such wastewater from mobile sources, such as those who discharge hauled wastewater.

3. Wastewater discharge limitations.

In addition to those items referenced in Section K.1 generally, no user shall allow wastewater discharge from subject grease interceptor, grease trap, or alternative pretreatment technology to exceed one hundred (100) milligrams per liter of fats, oil and grease as measured by methods provided in 40 CFR 136.

4. Food service establishment permit requirement.

All food service and other establishments with the potential of discharging wastewater containing fats, oils and grease to the Synergy sanitary sewer collection systems are subject to the following requirements:

a. Grease interceptor requirements: All food service and related establishments are required to install, operate, and maintain an approved type and adequately-sized grease interceptor necessary to maintain compliance with the objectives of the ordinance and related regulations. All grease interceptors must meet the requirements of the Synergy standards in addition to the latest addition of the International Plumbing Code as adopted by the South Carolina Building Codes Council.

b. Implementation: All new service establishment facilities are subject to grease interceptor requirements. All such facilities must obtain prior approval from Synergy for grease interceptor design and sizing prior to submitting plans for a building permit. The grease interceptor must provide for a minimum hydraulic retention time of twenty four (24) minutes at actual peak flow or twelve (12) minutes at the calculated theoretical peak flow rate as predicted by the International Plumbing Code fixture criteria, between the influent and effluent baffles with twenty (20) percent of the total volume of the grease interceptor being allowed for sludge to settle and accumulate, identified hereafter as the sludge pocket.

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Existing facilities with planned modification in plumbing improvements or not in accordance with Synergy standards will be required to provide plans to comply with the grease interceptor requirements. All existing food service establishments, determined by Synergy to have a reasonable potential to adversely impact Synergy's sewer systems will be notified of their obligation and provided with a compliance schedule to install a grease interceptor and related appurtenances.

c. Construction and location criteria for grease Interceptors: The construction and location criteria for grease Interceptors shall be in accordance with Environmental Protection Agency (EPA) Guidance Document, "On site Wastewater Treatment and Disposal Systems," Chapter 8.

d. Grease interceptor and/or grease trap inspection: Prior to placing the grease interceptor and/or grease trap into operation the owner of the establishment shall request an inspection and shall be approved by Synergy.

e. Variance to install a grease trap in lieu of grease interceptor: Grease interceptors required under this provision shall be installed unless Synergy authorizes the installation of an indoor grease trap or other alternative pretreatment technology and determines that the installation of a grease interceptor would not be feasible. The food service establishment bears the burden of demonstrating that the installation of a grease Interceptor is not feasible. If an establishment desires, because of documented space constraints, an alternative to an out-of-building grease interceptor, the request for an alternative grease trap or location shall contain the following information. In addition to general information the following information must be provided by the food service establishment:

i. Location of Synergy sewer main and easement in relation to available exterior space outside building.

ii. A schematic or plan of existing plumbing at or in a site that uses common plumbing for all services at that site.

iii. Specific manufacturer literature on the proposed system.

iv. Inability to pay for the required modifications shall not be deemed an acceptable reason for non-compliance.

5. Grease interceptor design requirements.

a. Grease interceptor sizing and installation must be approved by Synergy. The grease interceptor must provide for a minimum hydraulic retention time of twenty-four (24) minutes at actual peak flow or twelve (12) minutes at the calculated theoretical

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peak flow rate as predicted by the International Plumbing Code fixture criteria, between the influent and effluent baffles with twenty (20) percent of the total volume of the grease interceptor being allowed for sludge to settle and accumulate, identified hereafter as the sludge pocket. No interceptor total volume shall be less than 1000 gallons. The grease interceptor shall have a minimum of two (2) compartments with fittings designed for grease retention.

b. Grease interceptors shall be installed at a location where they shall be easily accessible for inspection, cleaning, and removal of intercepted grease. The grease interceptor may not be installed in any part of the building where food is handled. Location of the grease interceptor must meet the approval of Synergy, and may require approval of SCDHEC.

c. All grease Interceptors, whether singular or in series, must be directly accessible from the surface and must be fitted with an extended outlet sanitary tee that terminates 6" to 12" above the tank floor. The minimum access opening dimensions shall be 18" x 18" or a minimum of 24" in diameter. Two (2) access openings (inlet and outlet) to underground traps are required and should be removable with ease by one person.

See typical detail for 1,000 gallon capacity trap attached at Exhibit A in the detail section.

d. All below ground grease Interceptors must either be two-chambered or individual tanks in series. If two-chambered, the dividing wall must be equipped with an extended elbow or sanitary tee terminating 6" to 12" above the tank floor. An extended outlet sanitary tee must also be provided at the outlet of the second chamber. Both chambers must be directly accessible from the surface.

6. Grease interceptor Operation & Maintenance requirements.

a. All such grease interceptors shall be serviced and emptied of accumulated waste content as required in order to maintain minimum design capacity or effective volume. These devices should be inspected at least monthly. Users who are required to maintain a grease interceptor shall:

i. Maintenance of grease traps/interceptors must include thorough pump-out and/or cleaning as needed by removing any accumulated grease cap and sludge pocket as often as necessary, up to and including daily, but at intervals of not longer than ninety (90) days at the user's expense. Grease interceptors shall be kept free of inorganic solid materials such as grit, rocks, gravel, sand, eating utensils, cigarettes, shells, towels, rags, etc., which could settle into this pocket and thereby reduce the effective volume of the grease interceptor.

ii. If any skimmed or pumped wastes or other materials removed from a grease interceptor are treated in any fashion on site and reintroduced back into the grease interceptor as an activity of and after said on-site treatment, the user shall be responsible for the attainment of the established grease numerical limit of one hundred (100)

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milligrams per liter on all discharges of wastewater from said grease interceptor into Synergy sanitary sewer collection and treatment system.

iii. Operate the grease interceptor in a manner so as to maintain said device such that attainment of the grease limit is consistently achieved. Consistent shall mean any wastewater sample taken from the effluent of said grease interceptor shall be equal to or less than the limit stated in Section K.3 Wastewater discharge limitations.

iv. The use of biological or enzyme additives as a grease degradation agent is conditionally permissible, upon written approval by Synergy. Any establishment using this method of grease abatement shall maintain the trap or interceptor in such a manner that attainment of the grease wastewater discharge limit, as measured from the trap's outlet, is consistently achieved. Upon determination that any such products has caused interference with Synergy's collection and/or treatment systems the User shall be notified to immediately discontinue the use of any such products.

v. The use of automatic grease removal systems is conditionally permissible, upon prior written approval by Synergy. Any establishment using this equipment shall operate the system in such a manner that attainment of the grease wastewater discharge limit, as measured from the unit's outlet, is consistently achieved.

vi. Synergy reserves the right to make determinations of the grease interceptor adequacy and need, based on review of all relevant information regarding grease interceptor performance, facility site and building plan review and to require repairs to, or modification or replacement of such units.

vii. In no case shall the total accumulation of grease, oil, floating materials, and sediment be allowed to occupy more than twenty-five percent (25%) of the capacity of the first stage of the grease interceptor.

viii. If sampling test results for an establishment are more than twenty-five percent (25%) of the wastewater discharge limit. and the establishment does not have an approved extension to its cleaning schedule, the establishment shall immediately clean and inspect the trap and will be required to clean its grease interceptor(s) at an interval of thirty (30) days or less, for a period of time to be determined by Synergy.

b. The user shall maintain a written record of trap maintenance for a minimum of three (3) years. All such records will be available for inspection by Synergy at all reasonable times. Synergy may require the submittal of any maintenance contracts, hauling manifests, and cleaning records. Records shall include at a minimum the date of service, estimated volume removed, person and/or company performing the service, and the means and location of disposal. Synergy reserves the right to observe any and all cleaning and maintenance activities whether performed by the User or a contracted operator.

c. Non grease-laden sources are not allowed to be connected to the sewer lines

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intended for grease interceptor service.

d. Access manholes, with a minimum diameter of twenty-four (24) inches, shall be provided over each chamber and sanitary tee. The access manholes shall extend at least to finished grade and be designed and maintained to prevent water inflow or infiltration. The manholes shall also have readily removable covers to facilitate inspection grease removal, and wastewater sampling activities.

7. Grease trap requirements.

a. Upon approval by Synergy, a grease trap complying with the provisions of this section may be installed instead of a grease interceptor. The grease trap must be installed in the waste line leading from sinks, drains, and other fixtures or equipment in food service establishments where grease may be introduced into drainage or sewage system in quantities that can affect line stoppages or hinder sewage treatment or private sewage disposal.

b. Grease trap sizing and installation must be approved by Synergy.

c. No grease trap shall be installed which has a stated flow rate of more than fifty-five (55) gallons per minute except when specifically approved by Synergy.

d. Grease traps shall be maintained in efficient operating conditions by periodic removal of the accumulated grease. No such collected grease shall be introduced into any drainage piping or public sewer and shall be properly disposed or recycled in accordance with acceptable practices and all environmental regulations.

e. No food waste disposal unit or dishwasher shall be connected to or discharge into a grease trap.

f. Wastewater in excess of one hundred-forty degrees Fahrenheit (140° F)/ sixty degrees Celsius (60° C) shall not be discharged into a grease trap.

8. Requests for cleaning schedule extension.

A food service establishment may apply to Synergy for an extension of the required cleaning frequency set forth in the ordinance. The representative of the food service establishment who wishes to apply for the cleaning schedule extension shall notify Synergy in advance of the intent to apply for the extension. Synergy may grant an extension on a required cleaning frequency on a case-by-case basis where the User has demonstrated, with defensible analytical results, the specific grease interceptor or grease trap will produce an effluent in consistent compliance with the ordinance if such an extension is granted.

The notification of intent to apply for an extension shall include:

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a. Facility information:

- i. The name and address of the facility;
- ii. Name and telephone number of the facility contact;
- iii. Normal business hours; and
- iv. The type of business;

b. Treatment unit information:

- i. The type of treatment unit and the capacity in gallons;
- ii. A brief description of the treatment unit;
- iii. The time(s) of day the greatest hydraulic and organic loadings to the treatment unit normally occur;
- iv. The date of the most recent leaning and inspection of the unit;
- v. A statement of the physical condition of the unit; and
- vi. Where applicable, the name of any treatment products used.

c. A proposed sampling schedule, including:

- i. The date(s) the User proposes to collect the samples;
- ii. The times each sample will be collected;
- iii. The name and telephone number of the person who will collect the samples, including qualifications; and
- iv. The name and telephone number of the laboratory which will analyze the samples and its SCDHEC laboratory identification number;

d. Other information as may be requested by Synergy.

The User shall obtain approval of the proposed sampling schedule prior to initiation of the sampling and analyses. The User shall certify the sampling schedule will be carried out as submitted or as approved. Synergy shall reserve the right to modify a sampling schedule as deemed necessary. The User shall be required to provide analytical results for not less than three (3) oil and grease analyses for samples collected during

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peak flow periods through the unit during the normal working hours of a twenty-four (24) hour period.

- i. Samples shall be collected at an approved sampling port and shall be collected by a qualified person properly trained in the collection and handling of wastewater samples.
 - ii. Samples shall be 45-60 days after the most recent cleaning.
 - iii. Samples shall be analyzed, separately, by a reputable laboratory approved by SCDHEC using approved analytical procedures.
 - iv. The User shall submit a written request for a cleaning schedule extension, including:
 - v. A copy of the cleaning and maintenance records for the treatment unit for the previous twelve months;
 - vi. A copy of the laboratory analytical reports, including quality control data and appropriate chains of custody;
 - vii. Incomplete or unverifiable results shall not be considered.
- e. Synergy may grant extensions to the cleaning schedule as follows:
- i. A thirty (30) day extension may be granted where the average oil and grease concentration of the analyses is less than 66% of the concentration limit and no single concentration exceeded 70% of the concentration limit.
 - ii. A sixty (60) day extension may be granted where the average oil and grease concentration of the analyses is less than 50% of the concentration limit and no single concentration exceeded 60% of the concentration limit.
 - iii. A ninety (90) day extension may be granted where the average oil and grease concentration of the analyses is less than 33% of the concentration limit and no single concentration exceeds 50% of the concentration limit.
 - iv. In no case shall an extension greater than ninety (90) days be granted. Extensions granted shall begin on the date the samples for which results were submitted were collected as documented on the chain of custody. Where an extension has been granted, the unit shall consistently produce an effluent in compliance with the terms of this or other applicable Ordinance. Synergy shall reserve the right to collect and analyze samples of any User's discharge and may revoke, without notice, any extension where Synergy believes it is in the best interest of the proper protection and operation of its collection and

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treatment systems.

v. Where an extension has been granted and any sample analysis indicates an exceedance of the oil and grease limitation by twenty-five (25%) percent or more, the User shall immediately clean and inspect the trap and shall return to the original cleaning schedule. Where the User has been required to return to an original cleaning frequency, the User shall be required to submit a new request for extension if desired.

vi. Where an extension has been granted and any sample analysis indicates an exceedance of the oil and grease limitation of any magnitude by less than 25%, the User shall immediately clean and inspect the trap and shall decrease the maximum time between cleanings by at least thirty (30) days.

vii. Where an extension has been granted and Synergy must clean associated public sewer lines and the stoppage is traceable to or known or suspected to be caused by the User's facility, the User shall immediately clean and inspect the trap and shall return to the original cleaning schedule. The User will be required to submit a new request for extension if desired.

9. Failure to comply.

Any person, establishment or entity which fails to comply with any of the requirements set forth in this section, including, but not limited to, cleaning grease interceptors or grease traps at necessary intervals, providing up-to-date cleaning logs, or which refuses to open grease interceptors or grease traps for inspections by Synergy inspectors or exceeds discharge limits, is subject to termination of service after ten (10) days' written notice of termination to the person, establishment or entity which fails to comply with these requirements. Notice termination may be delivered by personal service, posting of the notice of termination conspicuously at the service location or by mail with copies to the appropriate county health department and the Office of Regulatory Staff ("ORS"). After the physical disconnection of any sewerage service, the Division of Environmental Health of the South Carolina Department of Health and Environment Control and the ORS shall immediately be notified of the disconnection.

Any person, establishment or entity that fails to comply with any of the requirements set forth in these provision for control of fats, oils and grease shall not be reconnected to Synergy's treatment system until such time as they comply with these provisions. Any person, establishment or entity that by their failure to comply with these provisions for control of fats, oils and grease causes damage to Synergy's treatment system, shall be liable to Synergy for the cost of repair of any such damage.



1. VAULT SHIPPED IN ONE PIECE WEIGHING APPROX. 19,000 LBS.
2. RISERS TO GRADE NOT INCLUDED
3. MANHOLE FRAME & COVERS SHIPPED LOOSE FOR INSTALLATION
BY THE CONTRACTOR
4. ALL INTERIOR PIPING PROVIDED & INSTALLED BY THE CONTRACTOR

Office of Regulatory Staff
Prior Ordered CIAC
Synergy Utilities, L.P.
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DEVELOPMENT SERVICE, INC.
DEPRECIATION EXPENSE ADJUSTMENT
FOR THE TEST YEAR ENDED DECEMBER 31, 2003

Date Acquired Description	Allocation of Equipment		Service Life	Recomm. By W/W	Depr. Rate	Depr. Expense	Accum. Depreciation	Net CIAC
	Amount	Amount						
	\$	\$	#	%	\$	\$		
Jan-88 Sewer System	120,000	100.00%	45	2.22%	2,664	42,624		
Oct-03 CAT Generator (100% MUI)	37,000	0.00%	20	5.00%	0	0		
Oct-03 CAT Backhoe (10% used by DSI)	53,550	10.00%	12	8.33%	446	446		
Jun-02 Truck -Ford F250 (1/3 used by DSI)	23,249	33.00%	6	16.67%	1,279	2,558		
Nov-88 Miscellaneous Equipment - Computer	1,500	100.00%	FD	FD	FD	1,500		
Totals	235,299				4,389	47,128		
Reclassified by Staff								
Mar-04 Office Desk	300	100%	15	6.67%	20	20		
Jan-04 Computer	2,000	100%	6	16.67%	333	333		
Apr-04 Chemical Sprayer (100% used by BRUI)	580	0%	12	8.33%	0	0		
Total Plant In Service	238,179				4,742	47,481		
Composite Depreciation Rate								
					3.50%	Depreciation Expense / Depreciable Plant		
						(\$4,742/\$136,827-\$1,500 FD)		
Depreciation Expense Associated with Tap Fees								
Cumulative Tap Fees-Per ORS Data Request-Question #1.6-b								
Previous Tap Fee from 1994 of \$350 + present tap fees \$23,493								
Staff's Computed Net Depreciation Expense								
						3,907		
Less: Per Book Depreciation Expense						13,883		
Depreciation Expense Adjustment						(9,976)		

ORS = Office of Regulatory Staff
DSI = Development Service, Inc.
MUI = Midlands Utility, Inc.
BRUI = Bush River Utilities, Inc.
FD = Fully Depreciated
W/W = Water/Wastewater Department

AUDIT EXHIBIT A-2

AUDIT EXHIBIT A-2

BUSH RIVER UTILITIES, INC
DEPRECIATION EXPENSE ADJUSTMENT
FOR THE TEST YEAR ENDED DECEMBER 31, 2003

Date Acquired	Description	Allocation of		Service Life	Recomm. By W/W	Deprec. Rate	Deprec. Expense	Accum. Depreciation	Net CIAC
		Amount	Equipment						
Jan-79	Sewer System - Net of Acquisition Adjustment	\$ 135,512	100.00%	32		3.13%	\$ 4,242	\$ 106,050	
Jan-84	Sewer Addition	32,458	100.00%	32		3.13%	1,016	20,320	
Dec-85	Sewer Addition	13,043	100.00%	32		3.13%	408	7,752	
Apr-86	Sewer Line - Hwy DE	38,400	100.00%	45		2.22%	852	15,336	
Aug-86	Sewer Line	5,078	100.00%	45		2.22%	113	2,034	
Dec-87	Man Hole	1,350	100.00%	30		3.33%	45	765	
Apr-88	Man Hole	1,400	100.00%	30		3.33%	47	752	
Jun-89	Aerator Float	6,691	100.00%	18		5.56%	372	5,580	
Oct-90	Fully Depreciated Plant	96,418	100.00%	FD		FD	0	96,418	
Jan-96	Belt Press	45,000	100.00%	18		5.56%	2,502	20,016	
Sep-96	Skid Steer Loader-Traded on Case Bobcat	19,302	100.00%	0		8.33%	0	0	
Dec-96	Screen USA - No longer used and useful	24,300	100.00%	0		5.56%	0	0	
Apr-97	1997 Dodge Truck	16,172	100.00%	18		FD	0	16,172	
Jun-97	Case Bull Dozer	39,222	100.00%	12		8.33%	3,267	22,869	
Jan-99	Case Bobcat	30,457	100.00%	12		8.33%	2,537	12,885	
Sep-01	Vactor	15,275	100.00%	12		8.33%	1,272	3,816	
Sep-01	Vactor	20,000	100.00%	12		8.33%	1,666	4,998	
	Totals	540,078					18,339	335,563	

Reclassified by Staff

Declassified by Staff								
Aug-03	1000 Ft. 6" SDR26 IPS	HDPE Pipe	9,576	100%	9,576	45	2.22%	213
Aug-03	4x6 PVC	Inserta Tee	2,692	100%	2,692	18	5.56%	150

Allocated from DSI

<u>Allocated from DSI</u>						
Oct-03 CAT Backhoe (25% used by BRUI)	53,550	25%	13,388	12	8.33%	1,115
Jun-02 Truck - Ford F250 (1/3 used by BRUI)	23,249	33%	7,672	6	16.67%	2,558
Apr-03 Chemical Sprayer (100% used by BRUI)	580	100%	580	10	10.00%	58
Total Plant In Service	629,725		530,384			21,154
						<u>339,656</u>

Total Plant In Service

Composite Depreciation Rate

5.06% Depreciation Expense/Depreciable Plant

Depreciation Expense/Depreciable
\$21,154/\$530,384-\$96,418-\$16,172)

Depreciation Expense Associated With Contributions in Aid of Construction

* Cumulative Contributions and Advances in Aid of Const.

QBS Computed Net Depreciation Expense

ORS Computed Net Depreciation Expense
Less: Per Book Depreciation Expense

Less: Per Book Depreciation Expense

FD = Fully Depreciated

* From the last Bush River Utilities, Inc. rate case, Docket No. 94-728-S